

**Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2015
(Six Months Ended September 30, 2014) (Based on J-GAAP)**

November 11, 2014

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Financial results presentation: Yes (for institutional investors & analysts)

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

1. Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2015 (April 1, 2014 – September 30, 2014)

(1) Consolidated 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 2015	287,348	(13.8)	5,869	(4.4)	5,838	(4.6)	3,187	(6.4)
1H FY 2014	333,337	(4.6)	6,139	13.1	6,116	14.0	3,404	14.0

(Note) Comprehensive income (million yen): 1H FY 2015:3,194 (6.0%) 1H FY 2014:3,397 15.2%

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY 2015	46.36	—
1H FY 2014	43.11	43.08

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
1H FY 2015	148,519	25,760	17.2
FY 2014	199,631	23,713	11.8

Reference: Shareholders' equity (million yen): 1H FY 2015:25,611 FY 2014: 23,594

2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2014	—	17.50	—	17.50	35.00
FY 2015	—	17.50	—	—	—
FY 2015 (forecasts)	—	—	—	17.50	35.00

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

3. Consolidated forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(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	720,000	1.8	13,000	1.9	12,800	1.1	7,250	6.1	105.52

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

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1. Qualitative Information Concerning the First Half Financial Results

(1) Qualitative information regarding operating performance

The Japanese economy in the period under review (April - September 2014) experienced a moderate recovery with improving corporate earnings aided by monetary and economic policy measures provided by the government. However, given concerns over the possibility of a protracted backlash after the demand rush ahead of the consumption tax rate increase, the outlook remains uncertain.

In the market for mobile phone handset sales, which forms the business mainstay of the Group (the Company and its consolidated subsidiaries), sales developed favorably as the major three telecommunications carriers completed the roll-out of their new phone charge plans and spurred by the sales launch of the new iPhone and other attractive new models.

In this operating environment, Group sales of mobile phone handsets, etc., totaled 2.31 million units, with the percentage of smartphones approximately 70% of the total.

In the Mobile Telecommunications Business, the Group expanded sales of tablets and other smart devices, and achieved higher sales of smartphone accessories and other related merchandise and services. Additionally, ongoing structural reform efforts continued such as enhancing the efficiency of store operations and raising company-level operational efficiency.

In the Solutions Business, income from mobile solutions for corporate clients increased, but sales of fixed-line related merchandise were depressed.

Settlement Services Business and Other Business were affected by a drop in electronic-money based merchandise sales using PIN-sales systems usable for settlement through electronic commerce (EC) or social networking service (SNS) services, as well as by capital expenditure for proactive investments in the development of overseas operations.

As a result, for the period under review, net sales totaled 287,348 million yen (-13.8% compared with the year-earlier period), with operating income of 5,869 million yen (-4.4% compared with the year-earlier period), ordinary income of 5,838 million yen (-4.6% compared with the year-earlier period), and net income of 3,187 million yen (-6.4% compared with the year-earlier period).

Results by business segment are described below.

(Mobile Telecommunications Business)

In the period under review, sales revenues marked 231,363 million yen (-12.6% compared with the year-earlier period) reflecting a significant decline in unit sales in the first quarter due to the demand backlash at the end of the previous fiscal year and diminished sales promotion measures by telecommunications carriers. A recovery in the sales market emerged in the second quarter, however, as the major three telecommunications carriers completed the roll-out of their new phone charge plans and thanks to the sales launch of the new iPhone and other new models, lifting unit sales over the year-earlier period.

Earnings benefited from increased sales of tablets and other smart devices. This was due to enhancements to the quality of sales provided by staff members achieved through training classes held mostly at the "TG Academy," an in-house educational and training institution. Additionally, efforts continued to promote propositions for smartphone accessories and other related merchandise and services to increase the convenience of smartphone users. Moreover, company-level business efficiency measures kept being implemented such as efficient store operations through appropriate personnel deployment aligned with customer traffic volume and optimization of sales routes with the emphasis on profitability, among other structural reform measures. As a result, operating income posted 4,333 million yen (+5.1% compared with the year-earlier period).

(Solutions Business)

In the period under review, mobile solutions for corporate clients reported higher earnings from expanded sales of tablets and other smart devices as well as various kinds of support services such as kitting services. Sales of fixed-line related merchandise were depressed, however, due to the intense competition from mobile broadband. As a result, sales revenues fell to 13,274 million yen (-8.1% compared with the year-earlier period) with operating income of 1,284 million yen (-10.5% compared with the year-earlier period).

(Settlement Services Business and Other Business)

In the period under review, the merchandise composition changed from electronic-money based merchandise (with face value amounts equaling sales revenue) to gift cards (with received commissions as the sole revenue source). As a result, sales fell to 42,710 million yen (-21.4% compared with the year-earlier period). Earnings were affected by lower electronic-money based merchandise sales using PIN-sales systems as well as by capital expenditure for proactive investment in the development of overseas operations in China and Singapore, leaving operating income at 252 million yen (-56.5% compared with the year-earlier period).

(2) Qualitative information concerning the consolidated financial position

(Assets)

Consolidated current assets at the end of the period under review were 132,727 million yen, which was 27.6% lower than at the end of the previous fiscal year. This was mainly due to lower accounts receivable, product inventories, and accrued income, which respectively decreased 30,287 million yen, 13,596 million yen, and 5,288 million yen. Non-current assets were 15,791 million yen, which was 3.5% lower than at the end of the previous fiscal year. This was mainly due to an 803 million yen decline in goodwill and a 209 million yen increase in investment securities.

As a result, consolidated total assets posted 148,519 million yen, which was 25.6% lower than at the end of the previous fiscal year.

(Liabilities)

Consolidated current liabilities at the end of the period under review were 108,419 million yen, which was 33.7% lower than at the end of the previous fiscal year. This was mainly due to lower trade accounts payable, short-term borrowings, and other accounts payable, which respectively decreased 17,148 million yen, 28,499 million yen, and 4,358 million yen. Non-current liabilities were 14,340 million yen, which was 15.2% higher than at the end of the previous fiscal year. This was mainly due to a 1,857 million yen increase in long-term borrowings.

As a result, consolidated total liabilities posted 122,759 million yen, which was 30.2% lower than at the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the period under review were 25,760 million yen, which was 8.6% higher than at the end of the previous fiscal year. This was mainly due to an increase in retained earnings from 3,187 million yen in net income for the quarter and a 1,202 million yen withdrawal from retained earnings for dividend payments.

(3) Qualitative information concerning the consolidated financial forecasts

The earnings estimates for the full year to March 2015 released on May 15, 2014, remain the same.

Six months (April - September 2014) sales represent 39.9 percent of the full-year estimate released on May 15, 2014, with percentages for operating income, ordinary income, and net income at 45.1 percent, 45.6 percent, and 44.0 percent, respectively.

2. Summary (Notes) Information

Not applicable.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Millions of yen)

	FY 2014 (As of March 31, 2014)	1H FY 2015 (As of September 30, 2014)
Assets		
Current assets		
Cash and deposits	3,490	2,172
Accounts receivable – trade	97,706	67,419
Products	45,146	31,549
Inventories	131	66
Other accounts receivable	34,874	29,586
Other current assets	1,933	1,945
Allowance for doubtful accounts	(16)	(11)
Total current assets	183,266	132,727
Fixed assets		
Tangible fixed assets	3,152	3,042
Intangible assets		
Goodwill	5,365	4,561
Others	973	990
Total intangible assets	6,339	5,552
Investments and other assets		
Leasehold deposits	4,319	4,349
Others	2,561	2,855
Allowance for doubtful accounts	(8)	(7)
Total investments and other assets	6,872	7,197
Total fixed assets	16,364	15,791
Total assets	199,631	148,519
Liabilities		
Current liabilities		
Accounts payable – trade	82,187	65,038
Short-term borrowings	28,566	67
Long-term borrowings payable within one year	12,100	8,392
Accounts payable – other	35,120	30,761
Unpaid taxes	3,286	2,364
Reserve of bonuses	1,427	1,229
Allowance for early subscription cancellations	218	144
Others	560	421
Total current liabilities	163,466	108,419
Long-term liabilities		
Long-term borrowings	10,268	12,125
Retirement benefit liabilities	389	403
Asset Retirement Obligations	1,178	1,212
Others	614	599
Total long-term liabilities	12,450	14,340
Total liabilities	175,917	122,759
Net Assets		
Shareholders' equity		
Capital stock	3,127	3,154
Capital surplus	5,613	5,640
Retained earnings	23,478	25,463
Acquisition of own stock	(8,755)	(8,755)
Total shareholders' equity	23,464	25,503
Accumulated other comprehensive income		
Net unrealized holding gain on securities	57	62
Foreign currency translation adjustment	73	45
Total accumulated other comprehensive income	130	108
Minority interests	119	148
Total net assets	23,713	25,760
Total Liabilities and Net Assets	199,631	148,519

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

(Millions of yen)

	1H FY2014 (from April 1, 2013 to September 30, 2013)	1H FY2015 (from April 1, 2014 to September 30, 2014)
Net Sales	333,337	287,348
Cost of Sales	302,572	257,983
Gross Profit	30,764	29,364
Selling, General and Administrative Expenses	24,625	23,495
Operating Income	6,139	5,869
Non-operating Income		
Interest income	2	1
Dividend income	2	3
Insurance income	15	20
Income from indemnity	32	29
Others	32	16
Total non-operating income	85	70
Non-operating Expenses		
Interest expenses	99	94
Others	8	7
Total non-operating expenses	107	101
Ordinary Income	6,116	5,838
Extraordinary Gains		
Gain on sales of fixed assets	0	0
Gain from disposal of golf club membership	—	6
Total extraordinary gains	0	6
Extraordinary Losses		
Loss on removal of fixed assets	25	32
Loss on revaluation of investments in securities	24	—
Total extraordinary losses	50	32
Net income before income taxes	6,066	5,812
Income Taxes – Current	2,537	2,636
Income Taxes – Deferred	124	(41)
Total Income Taxes	2,662	2,595
Net Income before Minority Interest	3,404	3,217
Minority Interest in Income	—	29
Net Income	3,404	3,187

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

	(Millions of yen)	
	1H FY2014 (from April 1, 2013 to September 30, 2013)	1H FY2015 (from April 1, 2014 to September 30, 2014)
Net Income before Minority Interest	3,404	3,217
Other Comprehensive Income		
Net unrealized holding gain on securities	(27)	5
Foreign currency translation adjustment	20	(27)
Total other comprehensive income	(6)	(22)
Quarterly Comprehensive Income	3,397	3,194
(Breakdown)		
Comprehensive income attributable to shareholders of the parent	3,397	3,165
Minority interest in comprehensive income for the quarter	—	29

(3) Consolidated statements of cash flows

(Million yen)

	1H FY2014 (from April 1, 2013 to September 30, 2013)	1H FY2015 (from April 1, 2014 to September 30, 2014)
Cash Flows from Operating Activities		
Income for the period before income taxes	6,066	5,812
Depreciation	646	727
Amortization of goodwill	787	859
Increase (decrease) in allowance for doubtful accounts	5	(5)
Increase (decrease) in reserve for employees' bonuses	(249)	(197)
Increase (decrease) in allowance for early subscription cancellations	2	(74)
Increase (decrease) in accrued employees' retirement benefits	(26)	—
Increase (decrease) in pension obligation liabilities	—	13
Interest and dividend income	(5)	(4)
Interest expenses	99	94
Loss (gain) on sales of fixed assets	(0)	(0)
Loss on removal of fixed assets	25	32
Loss (gain) on sales of investment securities	24	—
Loss (gain) from disposal of golf club membership	—	(6)
Decrease (increase) in accounts receivable	38,037	30,284
Decrease (increase) in accounts receivable – other	7,788	5,281
Decrease (increase) in inventories	10,859	13,657
Increase (decrease) in accounts payable	(15,087)	(17,147)
Change in other accounts payable	(11,942)	(3,721)
Others	(180)	(20)
Subtotal	36,851	35,583
Interests and dividends received	5	4
Interests paid	(100)	(100)
Income taxes paid	(1,755)	(3,630)
Net cash provided by operating activities	35,000	31,856
Cash Flows from Investing Activities		
Payment for purchase of property, plant and equipment	(469)	(410)
Proceeds from sales of property, plant and equipment	0	0
Payment for purchase of software	(130)	(102)
Payment for purchase of investment securities	(200)	(200)
Proceeds from sales of investment securities	1	—
Payment for loans receivable	(0)	(0)
Proceeds from collection of loans receivable	4	2
Payment for leasehold deposits	(240)	(136)
Proceeds from return of leasehold deposits	116	108
Payment for acquisition of business	—	(696)
Proceeds from disposal of golf club membership	—	10
Others	(59)	(236)
Net cash used in investing activities	(978)	(1,661)
Cash Flows from Financing Activities		
Increase (decrease) in short term borrowings	(30,404)	(28,483)
Proceeds from long-term borrowings	—	10,500
Decrease in long-term borrowings	(1,386)	(12,351)
Proceeds from a share issue	12	53
Payments for purchase of treasury stock	(0)	—
Cash dividends paid	(1,381)	(1,205)
Net cash used in financing activities	(33,159)	(31,485)
Effect of exchange rate changes on Cash and Cash Equivalents	12	(28)
Increase (Decrease) in Cash and Cash Equivalents	874	(1,318)
Cash and Cash Equivalents at Beginning of Period	1,997	3,490
Cash and Cash Equivalents at End of Period	2,872	2,172

(4) Notes to quarterly consolidated financial statements

(Notes on the going-concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.

(Segment information)

Segment Information

I. 1H FY 2014 (from April 1, 2013 to September 30, 2013)

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

(Millions of yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	264,592	14,438	54,305	333,337
Segment Income (Operating Income)	4,123	1,435	580	6,139

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)

Total income of reportable segments is consistent with operating income as stated in the quarterly consolidated statement of income.

3. Matters concerning the change of reportable segments

Not applicable.

II. 1H FY 2015 (from April 1, 2014 to September 30, 2014)

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

(Millions of yen)

	Mobile Telecommunications Business	Solutions Business	Settlement Services Business and Other Business	Total
Net Sales	231,363	13,274	42,710	287,348
Segment Income (Operating Income)	4,333	1,284	252	5,869

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)

Total income of reportable segments is consistent with operating income as stated in the quarterly consolidated statement of income.

3. Matters concerning the impairment loss from fixed assets or goodwill of reportable segments

Not applicable.