

# Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2012 (Nine Months Ended Dec. 31, 2011) (Based on J-GAAP)

February 10, 2012

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 Quarterly earnings supplementary explanatory documents: Yes  
 Quarterly earnings presentation: None

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

## 1. Consolidated Financial Results for the Nine Months Ended Dec. 31, 2011 (April 1, 2011 – Dec. 31, 2011)

We began preparing consolidated financial statements starting from the 3Q of the current fiscal year because we had acquired all the outstanding shares of TG Miyazaki Co., Ltd., as of Dec. 1, 2011, and made it a consolidated subsidiary. We have not included figures for the 3Q of the previous fiscal year, or for the previous fiscal year itself because we did neither prepare nor issue consolidated financial results last fiscal year.

### (1) Consolidated Results of Operations (nine months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY 2012	508,971	-	9,160	-	9,127	-	4,677	-
3Q FY 2011	-	-	-	-	-	-	-	-

(Note) Comprehensive income (million yen): 3Q FY 2012: 4,671 (—%) 3Q FY 2011: — (—%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
3Q FY 2012	10,885.51		10,878.80	
3Q FY 2011	-		-	

Note: Quarterly consolidated financial statements were first prepared beginning with the third quarter of the fiscal year ending March 31, 2012. Figures for the third quarter of the fiscal year ended March 31, 2011 and changes compared with the same quarter a year earlier are therefore not stated.

### (2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
3Q FY 2012	179,203		24,793		13.8	
FY 2011	-		-		-	

Reference: Shareholders' equity (million yen): 3Q FY 2012: 224,793 FY 2011: —

Note: Quarterly consolidated financial statements were first prepared beginning with the third quarter of the fiscal year ending March 31, 2012. Figures for the third quarter of the fiscal year ended March 31, 2011 are therefore not stated.

## 2. Dividends

	Annual dividends				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2011	—	2,750.00	—	2,750.00	5,500.00
FY 2012	—	3,250.00	—		
FY 2012 (forecasts)				3,250.00	6,500.00

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

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2012 (April 1, 2011 – March 31, 2012)

(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	660,000		14,650		14,400		7,850		18,627.54

Note: Revisions to the financial forecast in the current quarter: Yes (From Non-consolidated to Consolidated Forecasts)

Quarterly consolidated financial statements were first prepared beginning with the third quarter of the fiscal year ending March 31, 2012. Changes compared with the same quarter a year earlier are therefore not stated.

#### 4. Others

(1) Changes in significant subsidiaries during the consolidated quarter (nine months) under review (changes in subsidiaries accompanying change in the scope of consolidation): **Yes**

New: 1 (Company name) TG Miyazaki Co., Ltd.

Excluded: None (Company name)

(Note) For details, refer to "Changes in significant subsidiaries during the consolidated quarter under review" on page 3 of the Attachment.

(2) Application of special accounting treatment in the preparation of quarterly financial statements: 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	3Q FY 2012	512,419 shares	FY 2011	512,419 shares
2) Number of treasury stock at end of period	3Q FY 2012	91,000 shares	FY 2011	—
3) Average number of shares outstanding during the period	3Q FY 2012	429,692 shares	3Q FY 2011	512,400 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 consolidated financial forecasts" on page 3 of the Attachment to the summary of quarterly financial statement.

## Table of contents of the Attachment

1. Qualitative Information Concerning the Third Quarter Financial Results.....	2
(1) Qualitative information concerning the consolidated operating results.....	2
(2) Qualitative information concerning the consolidated financial position .....	3
(3) Qualitative information concerning the consolidated financial forecasts .....	3
2. Summary (Other) Information .....	3
(1) Changes in significant subsidiaries during the consolidated quarter under review .....	3
(2) Application of accounting procedures specific to creation of quarterly consolidated financial statement.....	3
(3) Change of accounting policies; change and/or restatement of accounting estimates.....	3
3. Summary of Material Matters Concerning the Going-Concern Assumption.....	3
4. Quarterly Consolidated Financial Statements.....	4
(1) Quarterly consolidated balance sheets .....	4
(2) Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income .....	6
Quarterly consolidated statements of income (Consolidated third quarter period).....	6
Quarterly consolidated statements of comprehensive income (Consolidated third quarter period).....	7
(3) Summary of Material Matters Concerning the Going-Concern Assumption.....	8
(4) Segment information.....	8
(5) Notes on significant changes in shareholders' equity .....	8
(6) Significant subsequent events .....	8

## 1. Qualitative Information Concerning the Third Quarter Financial Results

Beginning in the consolidated cumulative period under review, the Company turned TG Miyazaki Co., Ltd. into its wholly owned subsidiary. For this reason, the consolidated financial statements for the third quarter include the newly consolidated subsidiary and comparative results of the year-earlier period are therefore not presented.

### (1) Qualitative information concerning the consolidated operating results

The Japanese economy in the period under review (April - December 2011) continued in its gradual recovery after the March 2011 Great East Japan Earthquake, staging a moderately paced upturn with rebounding production activity and with personal consumption pointing higher. However, given the protracted appreciation of the yen and signs of a global economic slowdown under the impact of by the European fiscal crisis, the outlook remained uncertain.

In the market for mobile phone handsets, the core business field of the Group (the Company and its consolidated subsidiaries), a string of sales launches of attractive smart phone handsets and the inception of high-speed communications service offerings saw smart phones and data communication terminals proliferate at an accelerated pace, leading to a rise in unit sales with a strong increase in smart phones as a percentage of the total.

In this business environment, the Mobile Telecommunications Business saw higher unit sales thanks to strengthened sales frameworks in order to boost smart phones and data communication terminals, and due to all-out efforts to capture the demand generated for new-standard handsets associated with the changeover from old-standard handsets for which service is scheduled to be terminated.

However, operating income came under intense pressure. This was due to price discounting spurred by intensifying competition, rising sales of low-profit items such as budget-type handsets and non-voice related merchandise, and the cost of strengthening sales frameworks to take advantage of the full-fledged market dissemination of smart phones.

In the Network Communications Business, acquisitions of MYLINE service subscribers remained weak in a saturated market environment, but sales of optical communication line service such as FTTH developed favorably.

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

As a result, for the period under review (April - December 2011), net sales totaled 508,971 million yen, with operating income of 9,160 million yen, and ordinary income of 9,127 million yen.

Net income totaled 4,677 million. This result reflects the reduced statutory tax rate after the change of the corporate income tax rate, associated with a reversal of deferred tax assets and an increase in deferred income taxes.

Results by business segment are described below.

#### (Mobile Telecommunications Business)

In the period under review (April - December 2011), sales of smart phones and data communication terminals, specifically data cards and Wi-Fi routers, developed favorably thanks to a string of market introductions of attractive smart phone handsets and the inception of high-speed communications service offerings. Mobile phone sales reached 4.62 million units, including somewhat over 40 percent smart phones, rewarding efforts to capture the demand for new-standard handsets generated by the changeover from old-standard units, scheduled to be terminated, and measures taken to additionally strengthen the corporate business.

However, operating income came under intense pressure. This was due to price discounting spurred by intensifying competition, rising sales of low-profit articles such as budget-type handsets and non-voice related merchandise, and the cost of strengthening sales frameworks with a view to the full-fledged market dissemination of smart phones.

As a result, segment net sales totaled 408,574 million yen, with operating income of 6,289 million yen.

#### (Network Communications Business)

In the period under review (April - December 2011), new acquisitions of MYLINE service subscribers languished in an increasingly saturated market. On the other hand, in sales of optical communication line service such as FTTH, efforts are made focusing on strengthening the agency network and promoting alliances as well as reinforcing sales of peripheral products. As a result, segment net sales totaled 15,236 million yen, with operating income of 1,921 million yen.

#### (Prepaid Settlement Services Business and Other Business)

In the period under review (April - December 2011), usage increased amid proliferating payments for internet-based merchandise purchases and SNS (Social Networking Service) content purchases, leading to increased electronic-money based merchandise sales using PIN-based merchandise sales systems. Segment net sales totaled 85,160 million, with operating income of 949 million yen.

**(2) Qualitative information concerning the consolidated financial position**

(Assets)

Current assets totaled 160,941 million yen. Main items are 85,671 million yen in accounts receivable-trade, 48,732 million yen in products, and 23,193 million yen in other accounts receivable.

Non-current assets totaled 18,262 million yen. Main items are 2,979 million yen in tangible non-current assets and 7,539 million yen in goodwill.

As a result, consolidated total assets at the end of the period under review were 179,203 million yen.

(Liabilities)

Current liabilities totaled 139,693 million yen. Main items are 78,753 million yen in Accounts payable-trade, 24,800 million yen in short-term borrowings, and 29,925 million yen in other accounts payable.

Long-term liabilities totaled 14,716 million yen. Main items are 12,540 million yen in long-term borrowings, and 1,036 million yen in asset retirement obligations.

As a result, consolidated total liabilities at the end of the period under review were 154,409 million yen.

(Net assets)

Consolidated total net assets at the end of the period under review were 24,793 million yen.

**(3) Qualitative information concerning the consolidated financial forecasts**

For the particulars of financial forecasts, refer to the "*Notice Concerning the Inception of Consolidated Financial Reporting and Financial Forecasts*" released by the Company on February 10, 2012.

**2. Summary (Other) Information**

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

Due to the acquisition of the entire share capital of TG Miyazaki Co., Ltd., as of December 1, 2011, the entity is rendered a subsidiary and included in the scope of consolidation beginning with the consolidated cumulative period under review.

**(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. Summary of Material Matters Concerning the Going-Concern Assumption**

Not applicable.

#### 4. Quarterly Consolidated Financial Statements

##### (1) Quarterly consolidated balance sheets

	(Millions of yen)
	3Q FY 2012 (Nine months ended December 31, 2011) (As of December 31, 2011)
<b>Assets</b>	
Current assets	
Cash and deposits	1,655
Accounts receivable – trade	85,671
Products	48,732
Inventories	179
Other accounts receivable	23,193
Other current assets	1,524
Allowance for doubtful accounts	(15)
Total current assets	160,941
Fixed assets	
Tangible fixed assets	2,979
Intangible assets	
Goodwill	7,539
Others	767
Total intangible assets	8,307
Investments and other assets	
Investments in affiliates	308
Leasehold deposits	4,156
Others	2,555
Allowance for doubtful accounts	(44)
Total investments and other assets	6,975
Total fixed assets	18,262
Total assets	179,203
<b>Liabilities</b>	
Current liabilities	
Accounts payable – trade	78,753
Short-term borrowings	24,800
Long-term borrowings payable within	4,114
Accounts payable – other	29,925
Unpaid taxes	495
Reserve of bonuses	806
Allowance for early subscription	121
Provisions for loss from natural disaster	61
Other current liabilities	616
Total current liabilities	139,693
Long-term liabilities	
Long-term borrowings	12,540
Accrued employees' retirement benefits	435
Asset Retirement Obligations	1,036
Others	703
Total long-term liabilities	14,716
Total liabilities	154,409

(Millions of yen)	
3Q FY 2012	
(Nine months ended	
December 31, 2011)	
(As of December 31, 2011)	
<b>Net Assets</b>	
Shareholders' equity	
Capital stock	3,098
Capital surplus	5,585
Retained earnings	28,797
Acquisition of own stock	(12,740)
<b>Total shareholders' equity</b>	<b>24,741</b>
Accumulated other comprehensive income	
Net unrealized holding gain on securities	51
<b>Total accumulated other comprehensive income</b>	<b>51</b>
<b>Total net assets</b>	<b>24,793</b>
<b>Total Liabilities and Net Assets</b>	<b>179,203</b>

(2) **Quarterly consolidated statements of income and Quarterly consolidated statements of comprehensive income**

(Quarterly consolidated statements of income)

(Consolidated third quarter period)

	(Millions of yen)
	3Q FY2012 (Nine months ended December 31, 2011) (from April 1, 2011 to December 31, 2011)
Net Sales	508,971
Cost of Sales	463,145
Gross Profit	45,825
Selling, General and Administrative Expenses	36,665
Operating Income	9,160
Non-operating Income	
Interest income	3
Dividend income	3
Rent income	2
Insurance reimbursement	54
Others	53
Total non-operating income	116
Non-operating Expenses	
Interest expenses	143
Others	6
Total non-operating expenses	149
Ordinary Income	9,127
Extraordinary Gains	
Gain on sales of fixed assets	0
Income from relief money	9
Others	1
Total extraordinary gains	10
Extraordinary Losses	
Loss on removal of fixed assets	28
Loss on valuation of golf club membership	5
Loss on sales of fixed assets	0
Total extraordinary losses	34
Net income before income taxes	9,103
Income Taxes – Current	3,733
Income Taxes – Deferred	692
Total Income Taxes	4,426
Net Income before Minority Interest	4,677
Net Income	4,677

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

	(Millions of yen)
	3Q FY2012 (Nine months ended December 31, 2011) (from April 1, 2011 to December 31, 2011)
Net Income before Minority Interest	4,677
Other Comprehensive Income	
Net unrealized holding gain on securities	(5)
Total other comprehensive income	(5)
Quarterly Comprehensive Income	4,671
(Breakdown)	
Comprehensive income attributable to shareholders of the parent	4,671

**(3) Notes on going concern assumption**

Not applicable.

**(4) Segment information**

(Segment information)

Quarterly consolidated financial statements were first prepared beginning with the third quarter of the fiscal year ending March 31, 2012. Segment information for the third quarter of the fiscal year ended March 31, 2011 are therefore not stated.

3Q FY 2012 (from April 1, 2011 to December 31, 2011)

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

(Millions of yen)

	Reportable Segment			Total
	Mobile Telecommunications Business	Network Communications Business	Prepaid Settlement Services Business and Other Business	
Net Sales	408,574	15,236	85,160	508,971
Segment Income (Operating Income)	6,289	1,921	949	9,160

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. Information by reportable segment on impairment losses on fixed assets or information on goodwill, etc.  
(Material change in goodwill)

In the Mobile Telecommunications Business segment, the acquisition of the entire share capital of TG Miyazaki Co., Ltd as of December 1, 2011, rendering the entity a consolidated subsidiary, involved the accounting recognition of goodwill.

The resulting increase in goodwill in the period under review amounts to 1,377 million yen.

**(5) Notes on significant changes in shareholders' equity**

(Acquisition of own stock)

At a meeting of the board of directors convened on February 28, 2011, an acquisition of own stock by the Company was resolved on in accordance with Article 156, Paragraph 1, of the Companies Act applicable mutatis mutandis pursuant to the stipulations of Article 165, Paragraph 3, of the Companies Act, and pursuant to the specific method of acquisition of own stock stipulated in the Articles of Incorporation of the Company. Based on the said resolution, in the first quarter of fiscal year 2012, through a tender offer the Company acquired 91,000 shares of common stock of the Company at a total cost of 12,740 million yen.

**(6) Significant subsequent events**

Not applicable.