



## Non-consolidated Interim Financial Results for FY ending March 2011

November 2010  
T-Gaia Corporation

TSE : 3738

\*This material contains statements about the future performance of T-Gaia, which are based on management's assumptions and beliefs taking information currently available into consideration. Therefore, please be advised that T-Gaia's actual results could differ materially from those described in these forward-looking statements as a result of numerous factors, including general economic conditions in T-Gaia's principal markets as well as other factors detailed from time to time.

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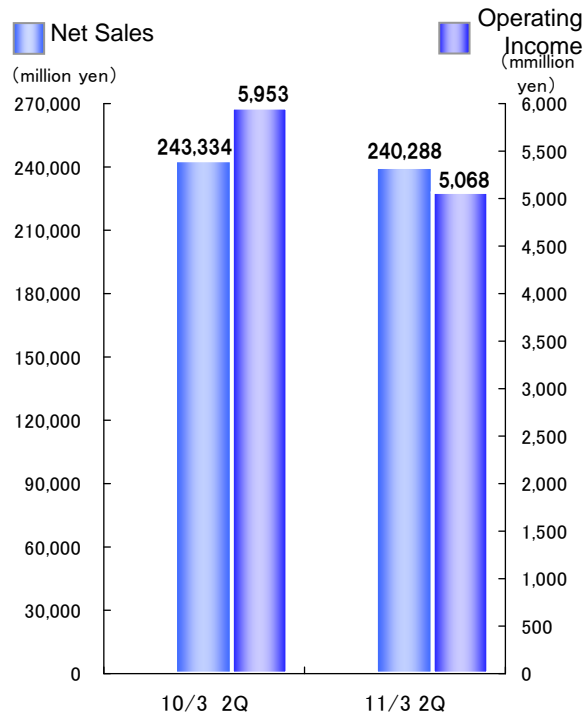
# Outline of Interim Financial Results for FY ending March 2011

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(Unit : million yen)	10/3 Interim Results	11/3 Interim Results	YoY Change (%)	11/3 Interim Forecasts	Interim Achievment Ratio (%)	11/3 Full-year Forecasts	Full-year Achievement Ratio (%)
<b>Net Sales</b>	<b>279,910</b>	<b>286,828</b>	<b>103%</b>	<b>276,000</b>	<b>104%</b>	<b>571,000</b>	<b>50%</b>
<b>Gross Margin</b> (to Net Sales)	<b>31,232</b> (11.2%)	<b>29,802</b> (10.4%)	<b>95%</b>	<b>28,750</b> (10.4%)	<b>104%</b>	<b>58,750</b> (10.3%)	<b>51%</b>
<b>SGA Expenses</b>	<b>23,174</b>	<b>22,987</b>	<b>99%</b>	<b>22,600</b>	<b>102%</b>	<b>45,150</b>	<b>51%</b>
<b>Operating Income</b> (to Net Sales)	<b>8,058</b> (2.9%)	<b>6,814</b> (2.4%)	<b>85%</b>	<b>6,150</b> (2.2%)	<b>111%</b>	<b>13,600</b> (2.4%)	<b>50%</b>
<b>Ordinary Income</b> (to Net Sales)	<b>7,939</b> (2.8%)	<b>6,746</b> (2.4%)	<b>85%</b>	<b>6,050</b> (2.2%)	<b>112%</b>	<b>13,400</b> (2.3%)	<b>50%</b>
<b>Net Income</b> (to Net Sales)	<b>4,353</b> (1.6%)	<b>3,481</b> (1.2%)	<b>80%</b>	<b>3,000</b> (1.1%)	<b>116%</b>	<b>7,000</b> (1.2%)	<b>50%</b>
<b>FCF</b>	<b>14,730</b>	<b>7,106</b>	-	-	-	<b>9,850</b>	-
<b>Net Income/share</b> (yen)	<b>8,496.19</b>	<b>6,794.97</b>	<b>80%</b>	<b>5,854.86</b>	-	<b>13,661.34</b>	-
<b>Dividend/share</b> (yen)	<b>3,000.00</b>	<b>2,750.00</b>	-	<b>2,750.00</b>	-	<b>5,500.00</b>	-

# 2011/3 Interim Financial Results by Segment

## Mobile-phone Business



- Smart phones & data communication terminals sold well
- Strengthened marketing both consumer & corporate clients

Interim Segment Results (million yen)

Net Sales : 240,288

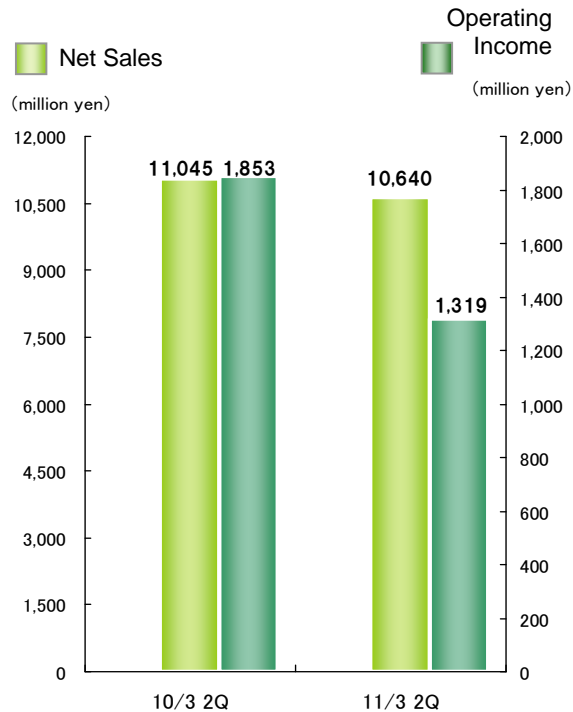
Operating Income: 5,068

Handsets sold: 2.66 million units

(Market share of 14%)

(Increased by 7% YoY)

## Fixed-line Business



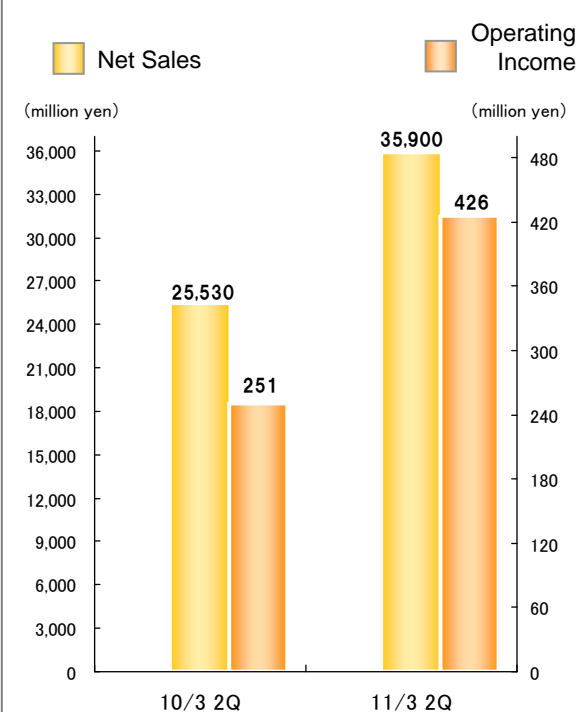
- Developed/cultivated sales agents
- Strengthened business alliance

Interim Segment Results (million yen)

Net Sales : 10,640

Operating Income : 1,319

## Prepaid Settlement Service & Others



- Product lineup based on Web money for online shopping & SNS games increased
- Prepaid mobile-handsets sold well

Interim Segment Results (million yen)

Net Sales : 35,900

Operating Income : 426

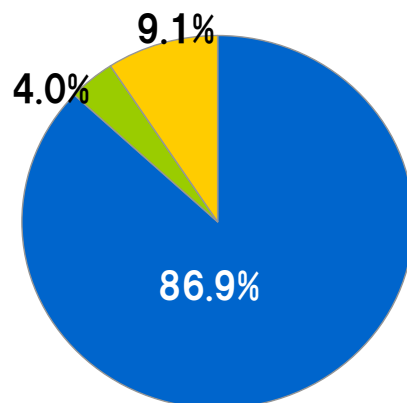
Prepaid handsets sold: 40 thousand units

(Increased by third times YoY)

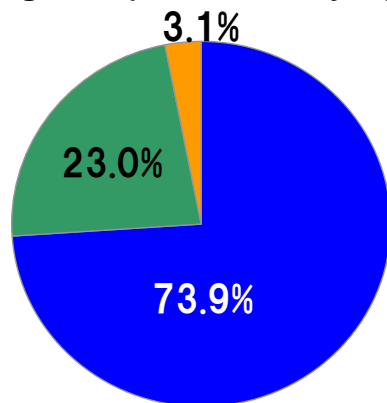
# Change of Interim Financial Results & Business Segment Composition

10/3 Interim

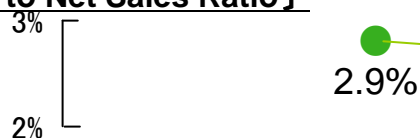
**Interim Net Sales by Segment (Unit: million yen)**



**Interim Operating Income by Segment (Unit: million yen)**

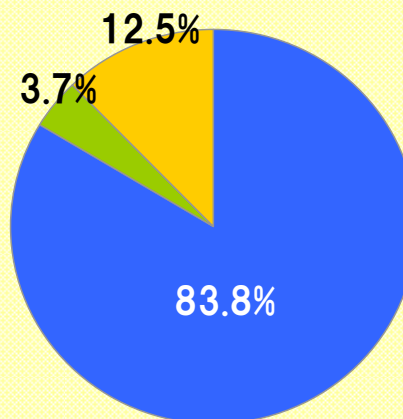
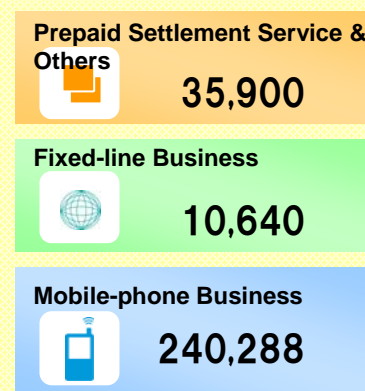


**[Operating Income to Net Sales Ratio]**

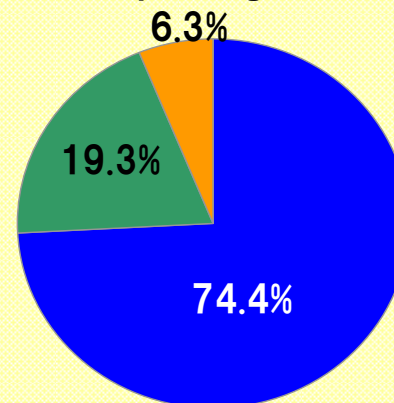
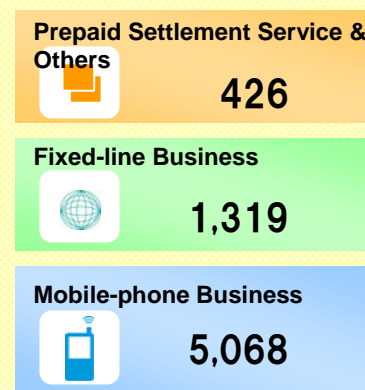


11/3 Interim

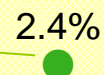
**Interim Net Sales by Segment (Unit: million yen)**



**Interim Operating Income by Segment (Unit: million yen)**



**[Operating Income to Net Sales Ratio]**





## 1 Market Expansion & Creation of New Demand via New Products

- The First Year for Smart-phones & LTE Activates the Mobile Market Environment and Increases the Volume of Shipments!
- Provision of Variety of Services for Mobile Internet including Data Communication Card, Digital Photo Frame, and WiFi etc.

Increase of Importance of Mobile-phone Distributors that have Direct Access to Users

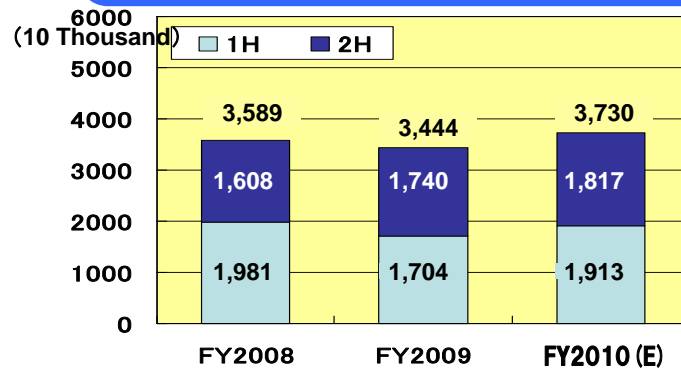
Enhanced Service Quality Differentiation among Distributors

**Focus on Customer Satisfaction !**

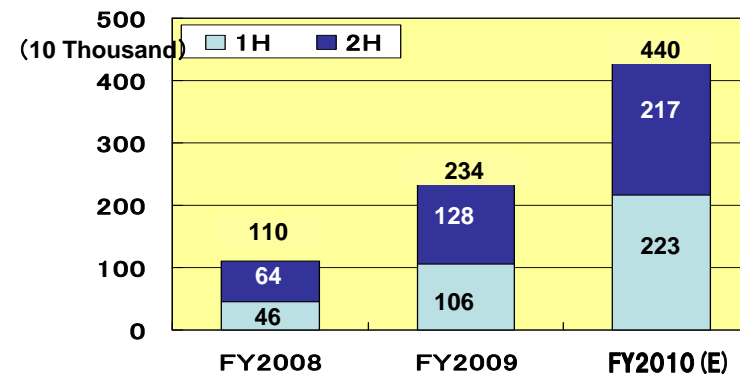
- ☆ Maintain High Quality Customer Service & Sales Staff Education
- ☆ Implement Strategic Shop Allocation including Shop Relocation & Renovation
- ☆ Utilize Abundant Human Resources & Attractive Product Lineups

### Volume of Shipments for Mobile-phone & Smart-phones (Source : MM Research Institution)

Shipments for Mobile-phones



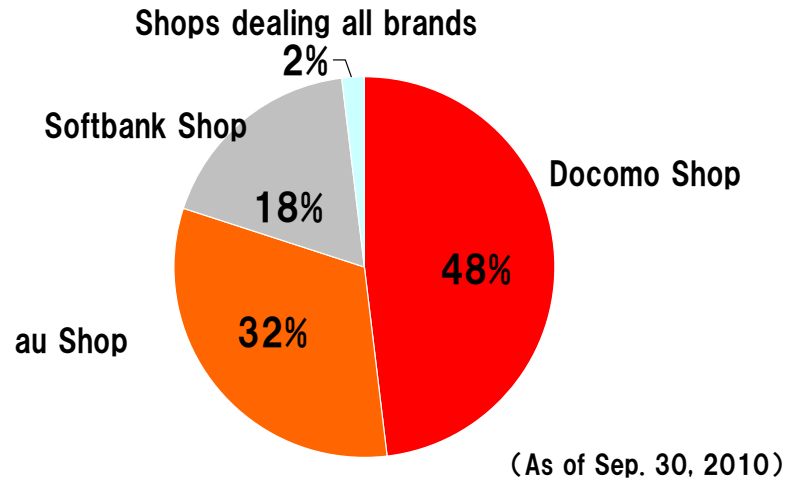
Shipments for Smart-phones



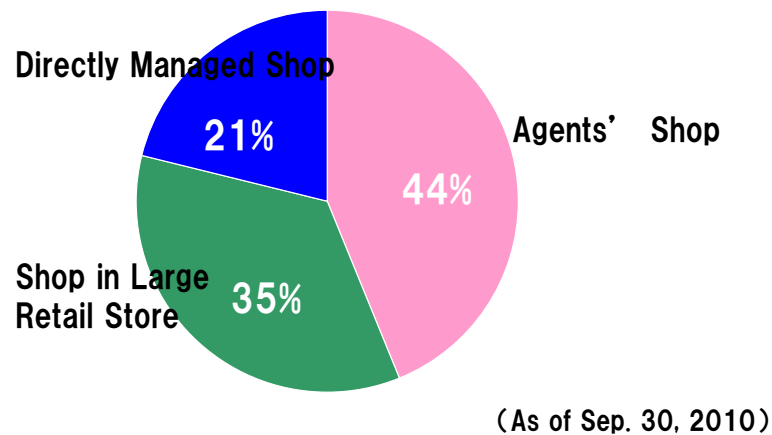


## Well-balanced Sales Channel

Composition by Carrier in Directly Managed Shops

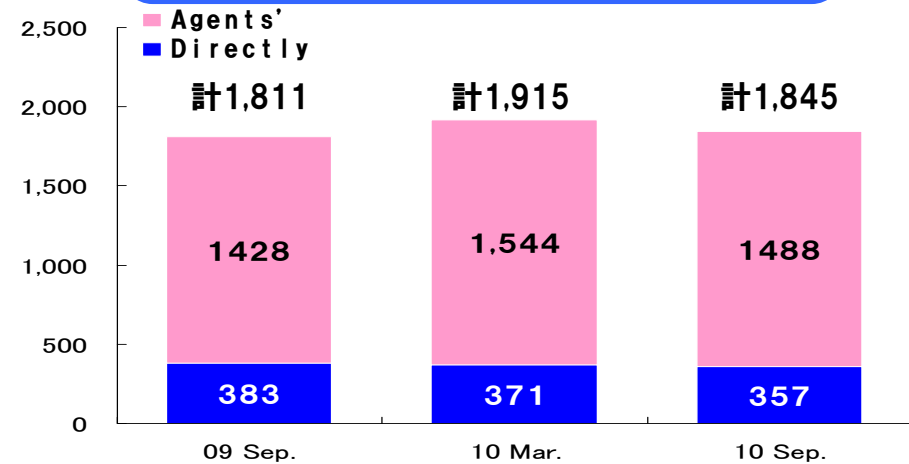


Composition by Sales Channel

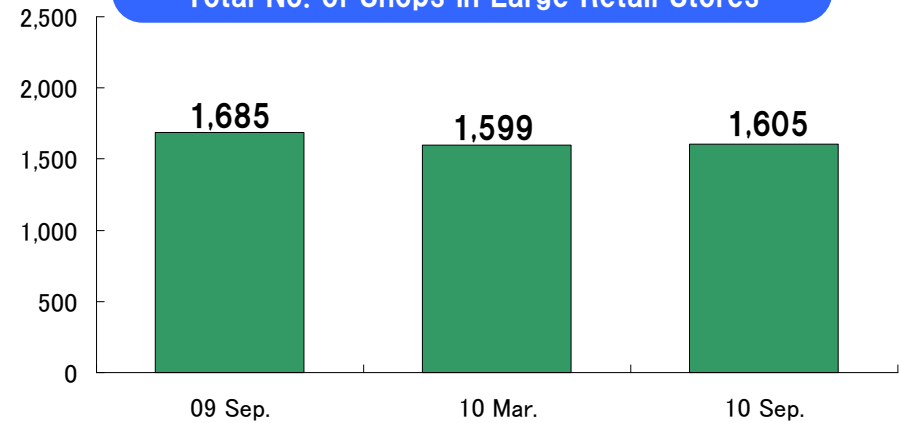


## Increased Profitability by Efficient Operation

Total No. of Directly Managed & Agents' Shops



Total No. of Shops in Large Retail Stores





## 2 Strengthening of Sales for Corporate Clients

### Growing Market for Corporate Clients Reaching 20 million handsets in few years

- Expand Business Area through Cooperation with Slers & Meet the Needs for Mobile Terminals such as Smart-phones and Tablet PC

☆ Based on Distributors Agreement with RIM Company, Provide License Support & Solutions Services for BlackBerry Enterprise Server (BES) for Corporate Clients

\*RIM=Research In Motion Limited

- Propose One-stop Solution Services together with Mobile-phones and Mobile Data Communication

Original Solutions of T-Gaia



- Target Japanese Companies in China as New Corporate Clients

Develop & Provide New Solution Services to Japanese Companies in China  
In Cooperation with China Unicom for New Business Evolution





## Market Environment

Expansion of Broadband Services with Penetration of Internet Usage  
High Speed & High Capacity FTTH (Optical Fibers) became Mainstream

- No. of “Myline” Subscribers Approx 35.86 million
- No. of Broadband Service Subscribers Approx 32.27 million

### Increase of Market Share for Optical Broadband (FTTH) !

- FTTH Broadband Service Subscribers will increase to 20 million by FY 2011 at all homes & offices in Japan
- FMC (Fixed Mobile Convergence) Services will be activated due to mobile terminals such as Pocket WiFi. etc..

## Business Strategy

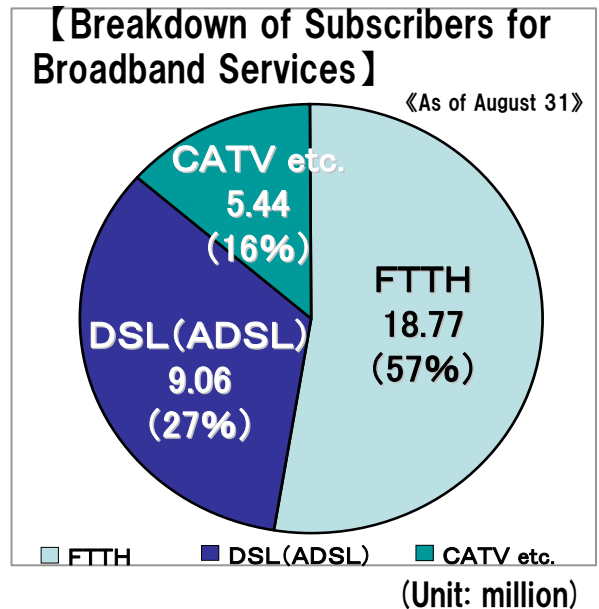
Provide “Myline” Service for Corporate Clients

- Utilize our national network consists of hundred of sales agents

Provide FTTH Service for Retail Customers

- Improve sales & marketing quality to respond to verified user needs and provide optimal broadband environment
- Promote business alliance with companies in different industries such as real-estate and security company
- Provide product lineups to use internet more convenient & safer
  - Propose variety of value-added services

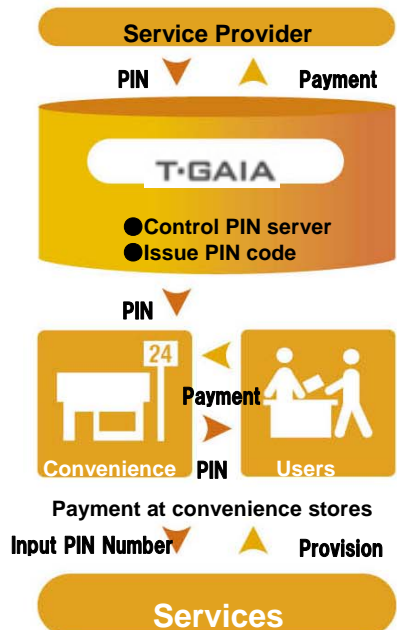
Use of various contents such as projected images, varied network terminals including personal computers, television, game machines, cameras, smart-phones, e-Book and Home ICT, etc.





# Market Environment & Business Strategy

## Structure of PIN Service



### Convenience stores dealing PIN

- |              |                |
|--------------|----------------|
| Seven-Eleven | MINISTOP       |
| LAWSON       | DAILY YAMAZAKI |
| Circle K     | Seikomart      |
| Sunkus       | Hokkaido Spar  |
| FamilyMart   |                |

## Development of Settlement Service

(For Prepaid Mobile Handsets, Overseas Calls, E-money, and Contents, etc.)

Expansion of Business with 40 Thousand Convenience Stores

(incl. 32 Thousand Stores with whom Online Network for PIN System has been Established)

## Secure Sales Channel for New Product Lineups

**[ Strengthening of E-settlement business using PIN (\*) ]**

- ① For mobile handsets : Settlement of calling rate for prepaid & postpaid mobile handsets
- ② For overseas calls: Settlement of overseas calls
- ③ E-money: Convenient & secured general purpose e-money
- ④ For variety of products: iTunes Card, Amazon ® Gift Card & game cards, etc.

(注) PIN (Personal Identification Number)

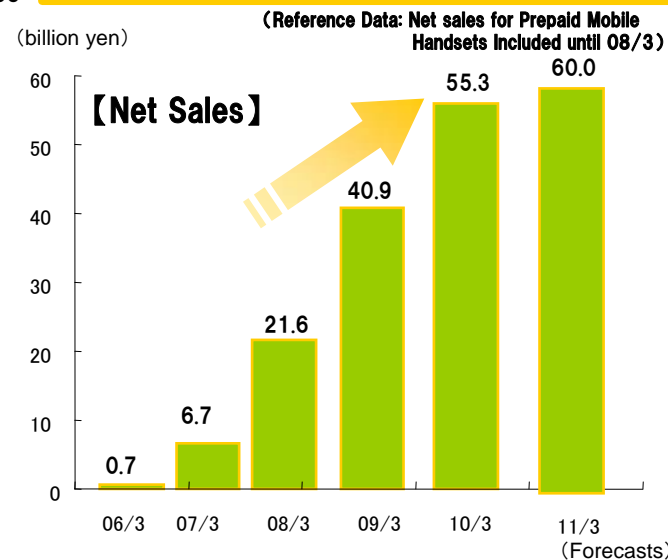
: Password accessed by users to utilize the PIN-based services



(Sample of Prepaid Card)



## Further Growth though Effect of Merger



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## **Future Development & Forecasts for FY ending March 2011**

# Future Development

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## Maximization of Corporate Value



**Sustainable Growth by Expansion of Existing Business**

**Realization of Larger Synergy Effect of Merger**

**Globalization via Aggressive Investment in Overseas & New Business**

### Further Enhancement of Sales Force

- Enhance Marketing for Corporate Clients
- Regional Supplement
- Optimize Sales Channel

### Streamline Operations

- Centralize logistics & Inventory Management
- Integration of Activation centers
- Effective Posting of HR

### Actively Challenge Overseas & New Business

- Invest in Overseas Business
- **Business Alliance w/China Unicom & Set up Mobile-Phone Shop in Shang high**

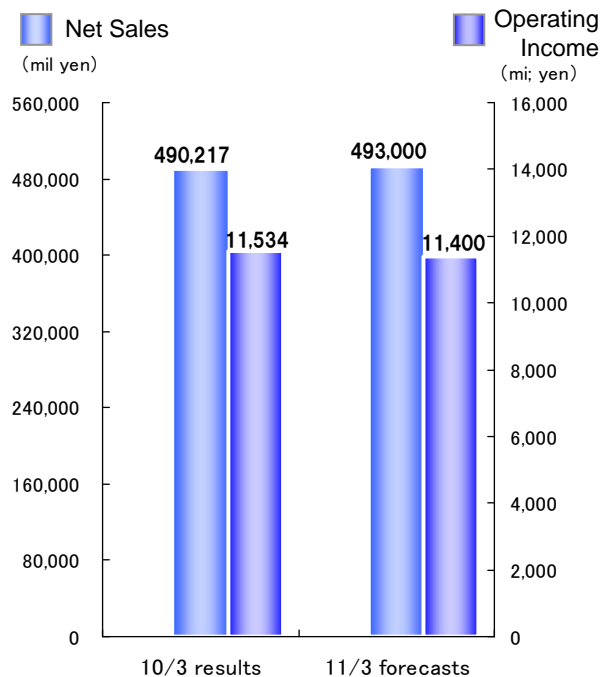
# Forecasts for FY ending March 2011

(Unit: million yen)	2010/3 1H Results	2011/3 1H Forecasts	Year-on- Year basis (%)	2010/3 Full-year Results	2011/3 Full-year Forecasts	Change of amount	Year-on- -Year basis (%)
Net Sales	279,910	276,000	98.6%	566,057	571,000	4,943	100.9%
Gross Margin	31,232	28,700	91.9%	61,890	58,750	△3,140	94.9%
SGA Expenses	23,174	22,600	97.5%	46,697	45,150	△1,547	96.6%
Operating Income	8,058	6,150	76.3%	15,193	13,600	△1,593	89.5%
Ordinary Income	7,939	6,050	76.2%	14,968	13,400	△1,568	89.5%
Net Income	4,353	3,000	68.9%	8,135	7,000	△1,135	86.0%
FCF	14,730	-	-	11,175	9,850	△1,325	88.1%
Net Income /share (yen)	8,496.19	5,854.86	68.9%	15,878.52	13,661.34	△2,217.18	86.0%
Dividend /share (yen) (Pay-out ratio)	3,000.00 (35.7%)	2,750.00 (46.9%)	91.7% (+11.2%)	6,000.00 (37.8%)	5,500.00 (40.3%)	△ 500.00	91.6% (+2.5%)

# Forecasts for FY ending March 2011 by Business Segments



## Mobile Phone Business

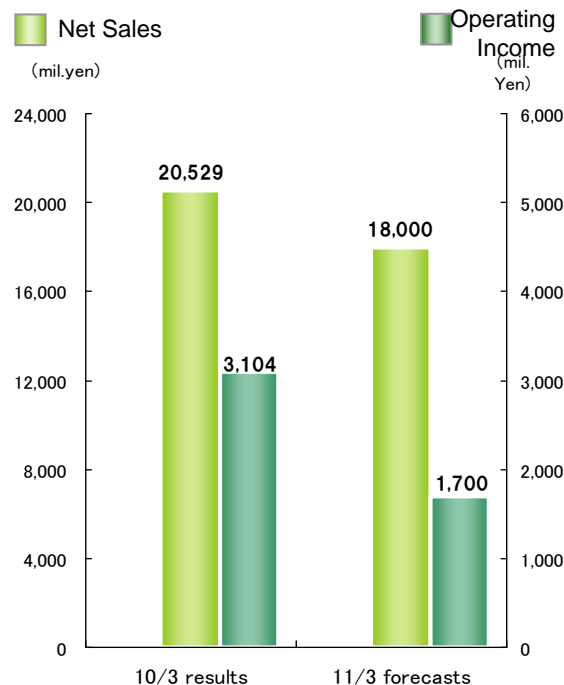


### Full-year Forecasts (mil. yen)

- Net Sales 493,000
- Operating Income 11,400
- No. of handsets sold 5.1 mil. units <Ref.> 10/3 Results
- Net Sales 490,217
- Operating Income 11,534
- No. of handsets sold 5.13 mil units (Postpaid only)



## Fixed-line Business

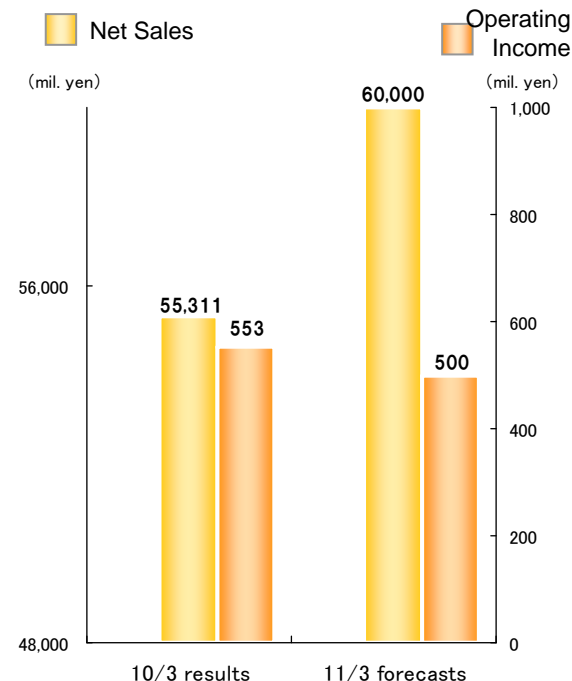


### Full-year Forecasts (mil. yen)

- Net Sales 18,000
- Operating Income 1,700
- Net Sales 20,529
- Operating Income 3,104



## Prepaid Settlement Service & Other Business



### Full-year Forecasts (mil. yen)

- Net Sale 60,000
- Operating Income 500
- Net Sales 55,311
- Operating Income 553

# Financial Strategy & Return to Shareholders

Targeting Dividend Payout Ratio over 30% Level based on our Stable Dividend Policy to Strengthen the Future Business Development and the Management Base

