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## **Non-consolidated Financial Results For FY ended March 2011**

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**May 17, 2011 TSE : 3738**

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\*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 Financial Results for FY ended March 2011**

# Outline of Financial Results for FY ended March 2011

(Unit: million yen)	10/3 Results	11/3 Results	YoY Change (%)	11/3 Full-year Forecasts	Achievement Ratio(%)
Net Sales	566,057	595,217	105.2%	571,000	104.2%
Gross Margin (to Net Sales)	61,890 (10.9%)	61,284 (10.3%)	99.0%	58,750 (10.3%)	104.3%
SGA Expenses	46,697	46,759	100.1%	45,150	103.6%
Operating Income (to Net Sales)	15,193 (2.7%)	14,524 (2.4%)	95.6%	13,600 (2.4%)	106.8%
Ordinary Income (to Net Sales)	14,968 (2.6%)	14,395 (2.4%)	96.2%	13,400 (2.3%)	107.4%
Net Income (to Net Sales)	8,135 (1.4%)	7,554 (1.3%)	92.9%	7,000 (1.2%)	107.9%
FCF	11,175	5,265	47.1%	9,850	53.5%
Net Income/share (yen)	15,878.52	14,742.71	92.8%	13,661.34	107.9%
Dividend/share (yen) (Dividend Payout Ratio)	6,000.00 (37.8%)	5,500.00 (37.3%)	91.7%	5,500.00	100.0%

※ Posted extraordinary loss comprised mainly of 400 million yen related to the first-time application of the Accounting Standard for Asset Retirement Obligations, and 188 million yen in financial aid and damage to stores & inventories related to the Great East Japan Earthquake.

## 2011/3 Financial Results by Quarter

(Unit : million yen)	1Q	2Q	3Q	4Q	Full-year Results
Net Sales	138,812	148,015	141,466	166,922	595,217
Gross Margin	14,574	15,227	14,312	17,169	61,284
SGA Expenses	11,319	11,667	11,407	12,368	46,759
Operating Income	3,254	3,559	2,904	4,801	14,524
Ordinary Income	3,229	3,516	2,876	4,768	14,395
Net Income	1,534	1,946	1,541	2,531	7,554
FCF	-	-	-	-	5,265
Net Income /share (yen)	2,995.32	3,799.64	3,007.57	4,940.12	14,742.70
Dividend /share (yen)	-	2,750.00	-	2,750.00	5,500.00

# 2011/3 Financial Results & Business Segment

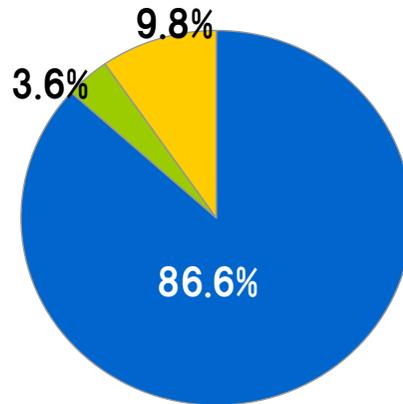
10/3

## Net Sales by Segment (Unit: million yen)

Prepaid Settlement Service & Others  
55,311

Fixed-line Business  
20,529

Mobile-phone Business  
490,217

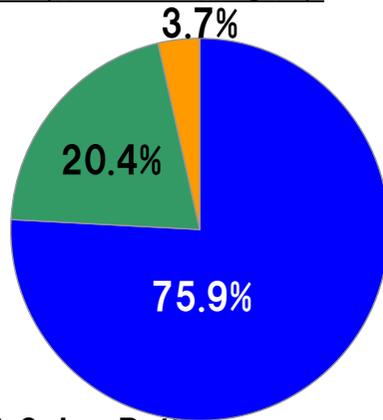


## Operating Income by Segment (Unit: million yen)

Prepaid Settlement Service & Others  
553

Fixed-line Business  
3,104

Mobile-phone Business  
11,534



### [ Operating Income to Net Sales Ratio ]



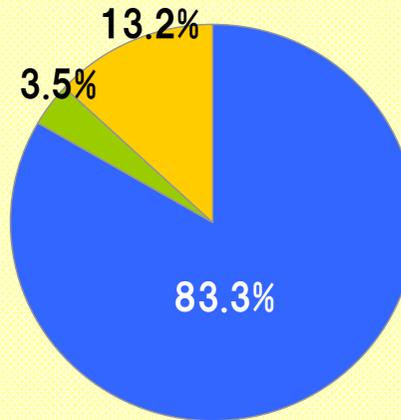
11/3

## Net Sales by Segment (Unit: million yen)

Prepaid Settlement Service & Others  
78,473

Fixed-line Business  
21,036

Mobile-phone Business  
495,707

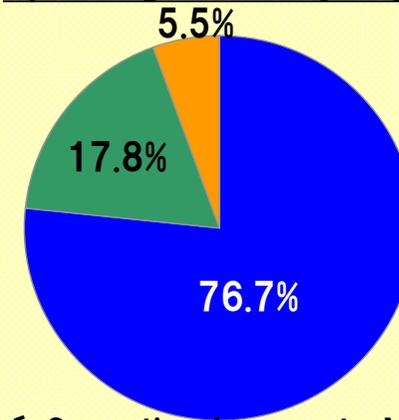


## Operating Income by Segment (Unit: million yen)

Prepaid Settlement Service & Others  
797

Fixed-line Business  
2,582

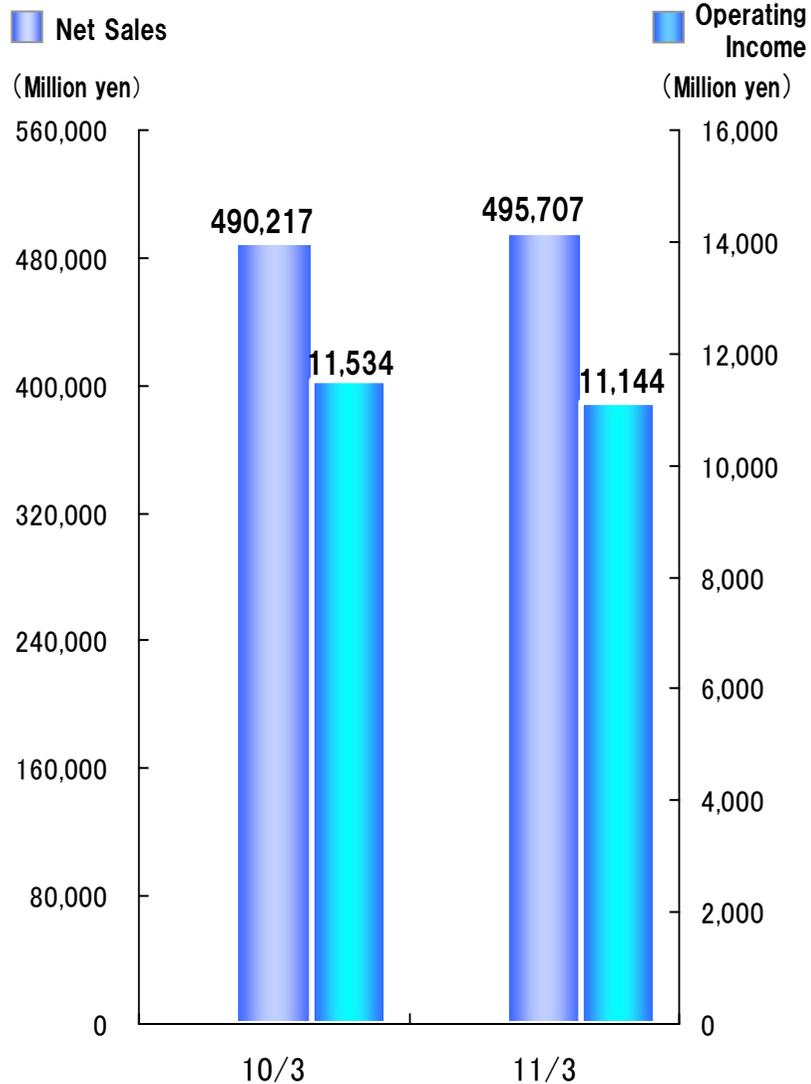
Mobile-phone Business  
11,144



### [ Operating Income to Net Sales Ratio ]

# 2011/3 Financial Results by Segment

## Mobile-phone Business



### Market Environment

- Increasing Smart-phone & Data ARPU
- Penetration of data communication terminals such as data cards, digital photo-frames and WiFi routers
- Demand generated by the changeover from old-standard handsets
- Smart-phones & tablets for corp. clients becoming popular

### Total No. of Handsets sold

- Full-year total: 5.55 million units (Market share :14%)

### Business Strategy

- Maintain & enhance high customer service quality
- Implement strategic shop allocation including relocation & renovation
- Strengthen sale of smart-phones & tablets based on cooperation with major system integrators
- Enclosing corporate clients utilizing our solution "movino-star"

### Financial Results

- Despite increase of net sales & sales volume, operating income decreased due to revision of incentives by telecom carriers, change of product mix and response to smart-phones

• 2011/3 Results (million yen)

Net Sales : 495,707

Operating Income : 11,144

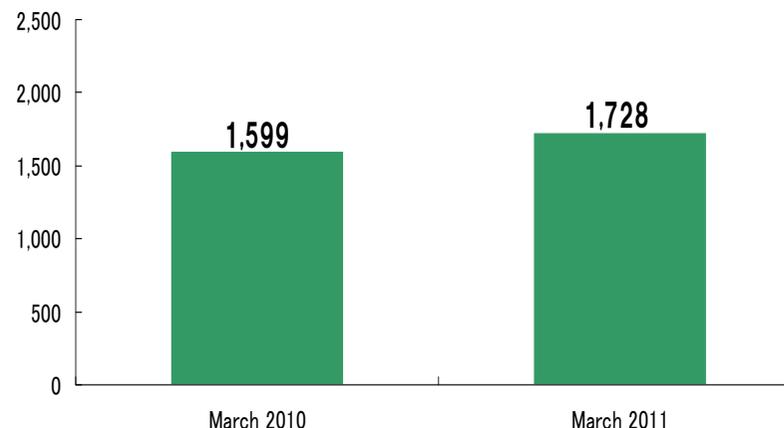


## [Marketing for Consumers]

Total No. of Carrier Shops & Multi-carrier Shops



Total No. of Shops in Large Retail Stores



## [Marketing for Corporate Clients]

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

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

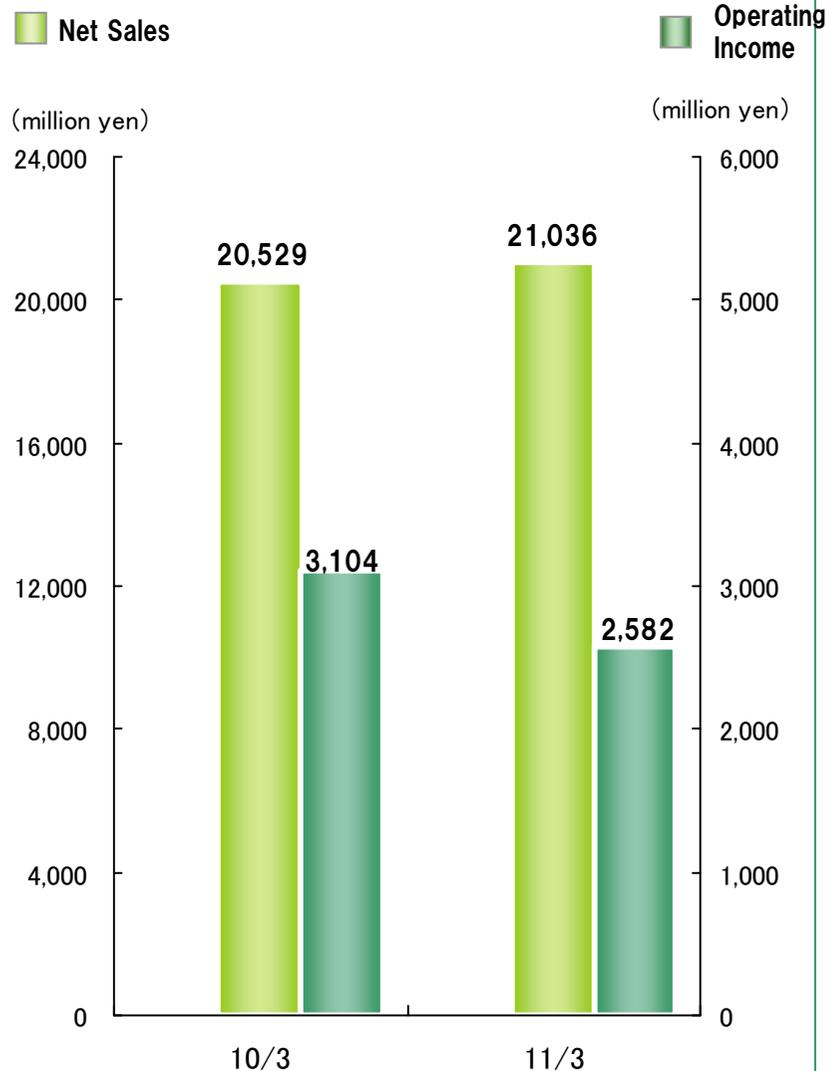
\*RIM: Research in Motion Limited

☆ Cooperate with major system integrators. Provide “Cloud Service” to strengthen the security for “Google Apps™ for Business” and promote the business usage of corporate clients using “GALAXY Tab”/“GALAXY S” with NTT docomo brand.

# 2011/3 Financial Results by Segment



## Fixed-line Business



### Market Environment

- MIC plans to provide all Japanese households with optical fiber service by 2015
- Demand for Pocket WiFi routers increase with penetration of smart-phones & tablets
- Saturation of MYLINE service market

### No. of Subscribers Acquired

- Acquired the same level of subscribers for both FTTH and MYLINE service

### Business Strategy

- Promote business alliance with companies in different industries such as real-estate and security company
- Expand fixed-line business through upgraded “movino-star”

### Financial Results

- While net sales increased, operating income decreased due to increase of cost to acquire FTTH service subscribers living suburban area

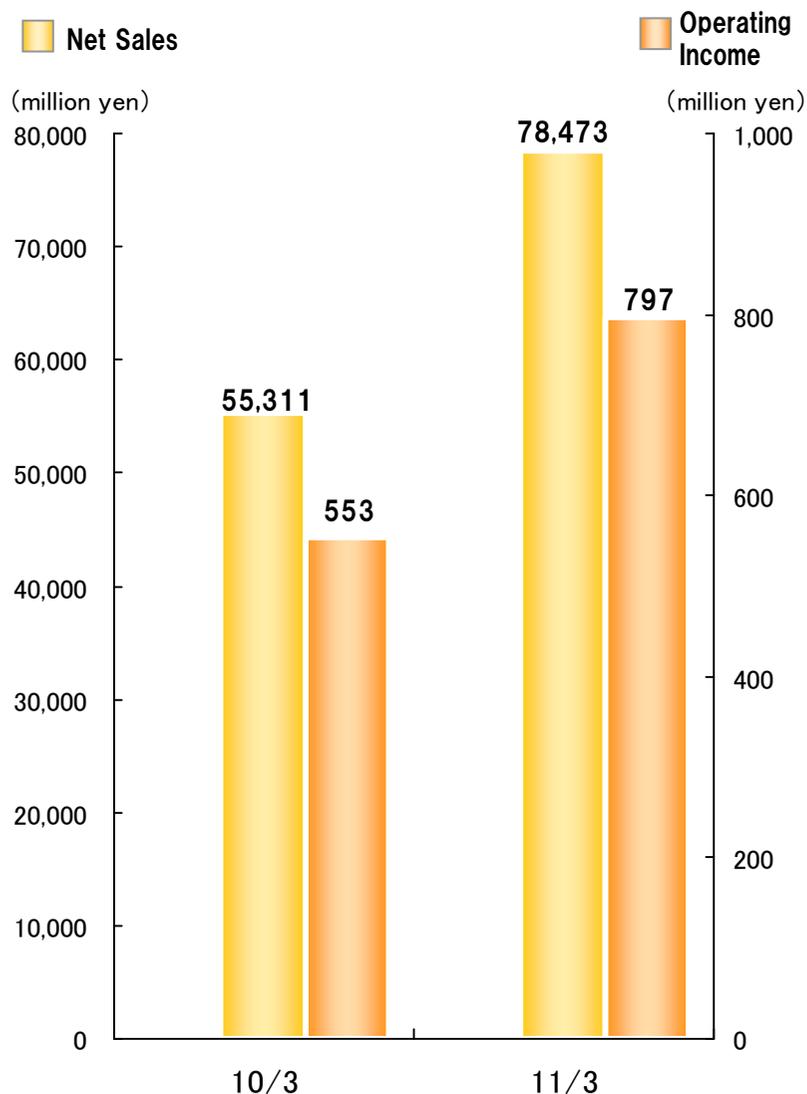
• 2011/3 Results (million yen)

Net Sales : 21,036

Operating Income : 2,582

# 2011/3 Financial Results by Segment

Prepaid settlement service & Others



## Market Environment

- Settlement amount is drastically increasing with expansion of e-commerce market including contents for SNS game
- Users are also increasing due to improved recognition in major convenience sales channel

## No. of Convenience Stores selling PIN

- Total No. of Stores    End of March 2011: 41,225  
                                  End of March 2010: 39,766

## Business Strategy

- Further expansion of sales channel
- Increase of new product lineups

## Financial Results

- Both net sales and operating income increased due to expansion of e-commerce market as well as sales channel

• 2011/3 Results (million yen)

Net Sales       :       78,473

Operating Income:       797

No. of prepaid mobile-phones sold : 68 thousand units

※ Increased by 135% YoY

# Business Development in China

- Aug. 2010: Launched “T-Gaia (SHANGHAI) CORPORATION” as the First overseas affiliated company for T-Gaia in Shanghai.
- Sep.15, 2010: Opened a China Unicom Mobile-phone Shop in Shanghai.

## <Consumer Segment>

Based on the experience and know-how obtained in Japan, sales activity in the new shop has forged ahead. We will open the second Unicom Shop soon and set up three shops in total by 2012.

## <Corporate Client Segment>

We have started sales and marketing activity mainly targeting the group companies of three major Japanese trading companies, and are building the framework for this segment in China.



(Opened the first China Unicom Mobile-phone Shop on Sep. 15, 2010)



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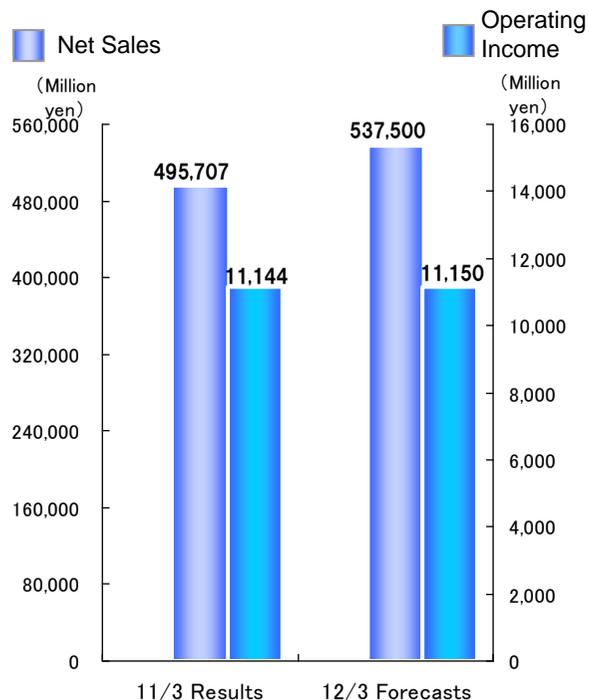
# **Future Development & Forecasts for FY ending March 2012**

## Forecasts for FY ending March 2012

(Unit : million yen)	2011/3 Full-year Results	2012/3 Full-year Forecasts	Change of amount	Year-on-Year basis (%)
Net Sales	595,217	660,000	64,783	110.9%
Gross Margin	61,284	64,450	3,166	105.2%
SGA Expenses	46,759	49,800	3,041	106.5%
Operating Income	14,524	14,650	126	100.9%
Ordinary Income	14,395	14,400	5	100.0%
Net Income	7,554	7,850	296	103.9%
FCF	5,265	3,100	△2,165	58.9%
Net Income/share (yen)	14,742.71	18,627.54	3,884.83	126.4%
Dividend/share (yen) (Dividend Payout Ratio)	5,500 (37.3%)	6,500 (34.9%)	1,000	118.2%

# Forecasts for FY ending March 2012 by Business Segments

## Mobile Phone Business



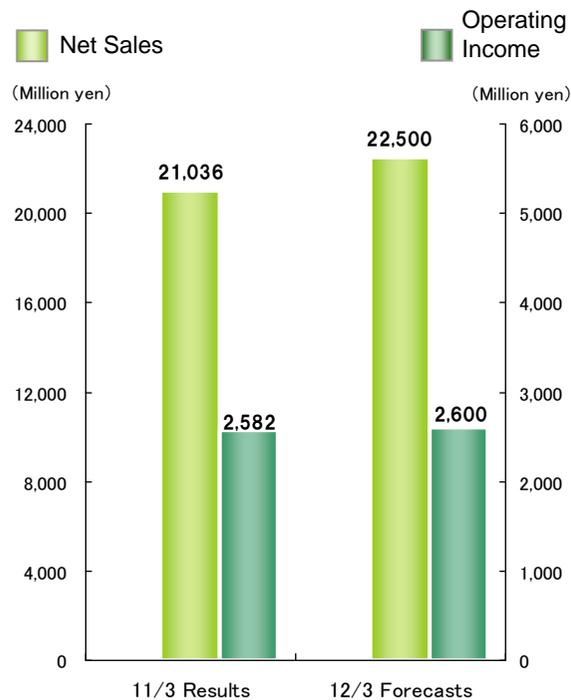
### Full-year Forecasts (Mil. yen)

- Net Sales 537,500
- Operating Income 11,150
- No. of handsets sold 6.05 million

### <Ref.> 11/3 Results

- Net Sales 495,707
- Operating Income 11,144

## Fixed-line Business



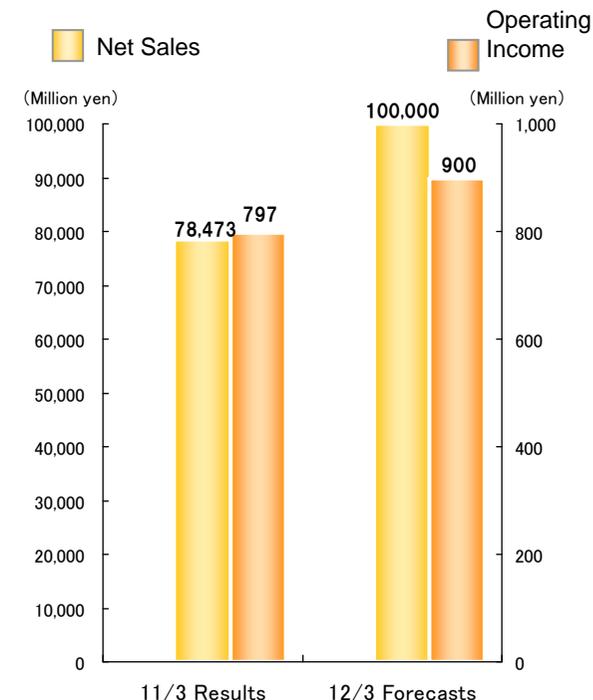
### Full-year Forecasts (Mil. yen)

- Net Sales 22,500
- Operating Income 2,600

### <Ref.> 11/3 Results

- Net Sales 21,036
- Operating Income 2,582

## Prepaid Settlement Service & Other Business



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

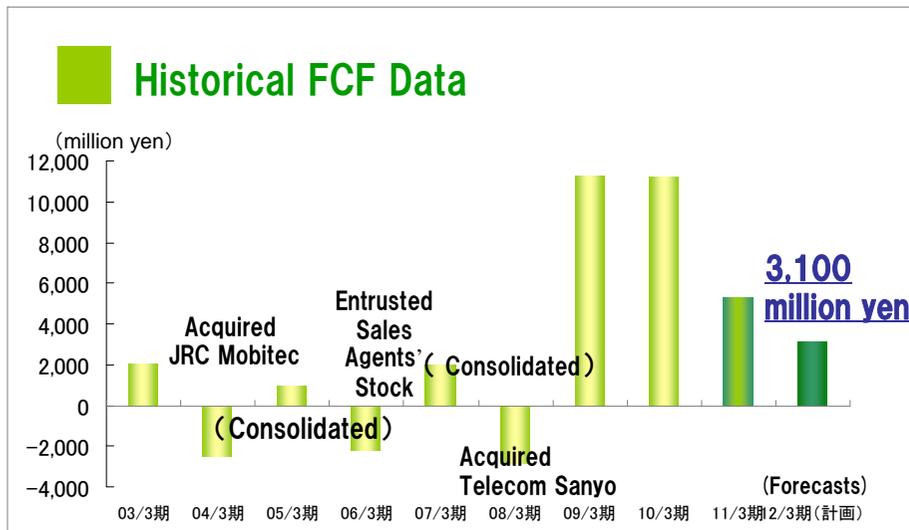
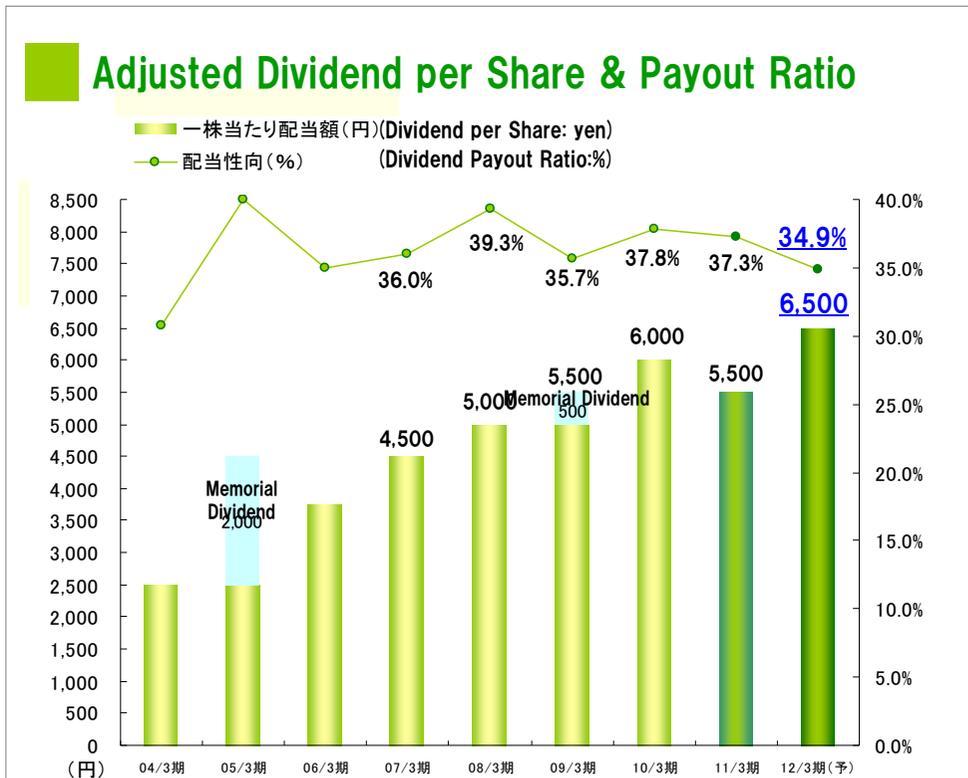
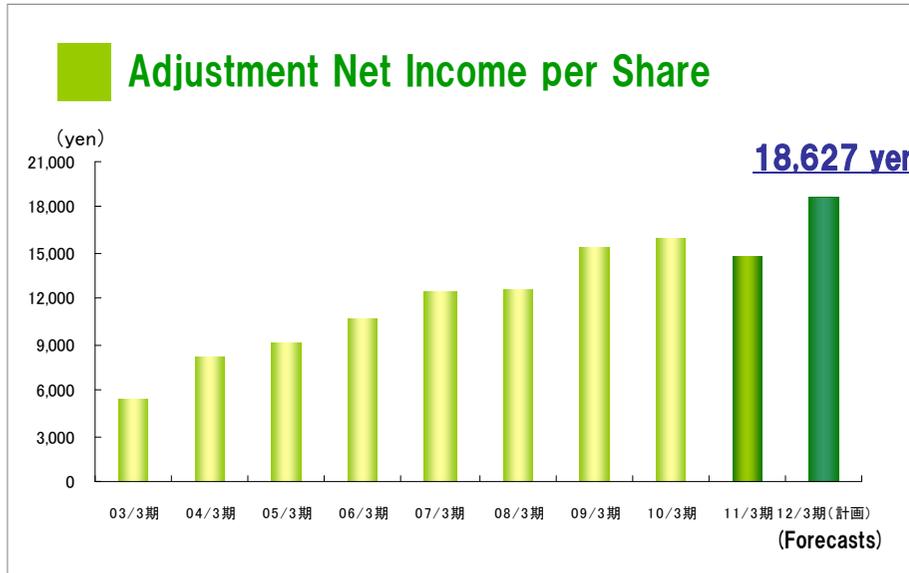
- Net Sales 100,000
- Operating Income 900

### <Ref.> 11/3 Results

- Net Sales 78,473
- Operating Income 797

# Financial Strategy & Return to Shareholders

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



☆From March 1, 2011 (Tue) to April 4, 2011 (Mon)

Made TOB for Treasury Stock of 91 thousand shares.

Improved EPS as well as ROE as part of further return to shareholders.

# Management Strategy for the Medium & Long Term

