

Consolidated Financial Results for FY ended March 2013

May 16, 2013



Mobile Telecommunication Business



Solutions Marketing Business



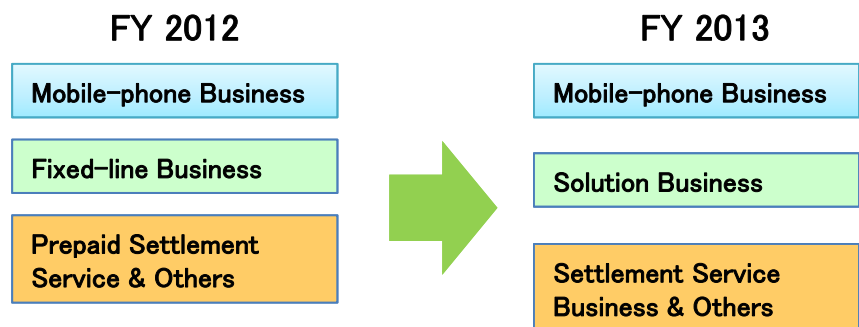
Settlement Services & Other Business

*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.

Consideration for Referring This Material

Change to the Business Segments

- We made a change to the business segments at the beginning of this fiscal year ending March 2013 as follows:



- Combined the Fixed-line Business segment with business of selling mobile-phones for corporate clients, which was included in the Mobile-phone Business segment until March 2012, and newly set up Solution Business segment

- Changed the segment name of Prepaid Settlement Service & Others to Settlement Service Business & Others

Increase of Consolidated Subsidiaries

- We began preparing consolidated financial statements from the 3Q of the fiscal year ended March 2012 because we had acquired all the outstanding shares of TG Miyazaki Co., Ltd. as of Dec. 1, 2011, and made it a consolidated subsidiary.
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Cancellation of Treasury Stock, Stock Split and Adoption of Share Trading Unit System

- We cancelled Treasury Stock of 117,985 shares in total as of May 31, 2012.
- We conducted the 200-for-1 Stock Split with the base date of Sep. 30 and effective date of Oct. 1, 2012. Moreover, we adopted the Share Trading Unit System at the same time.



Outline of Consolidated Financial Results for FY ended March 2013



Summary of Financial Results for FY ended March 2013

(Unit : 0.1billion yen)	12/3 Results	13/3 Results	YoY Change (%)	13/3 Full-year Forecasts	Full-year Achievement Ratio (%)
Net Sales	7,126.8	7,368.5	103.4%	7,600.0	97.0%
GrossMargin (to Net Sales)	658.2 (9.2%)	666.8 (9.0%)	101.3%	690.0 (9.1%)	96.6%
SGA Expenses	509.5	548.7	107.7%	537.0	102.2%
Operating Income (to Net Sales)	148.7 (2.1%)	118.0 (1.6%)	79.4%	153.0 (2.0%)	77.2%
Ordinary Income (to Net Sales)	148.4 (2.1%)	116.9 (1.6%)	78.8%	150.0 (2.0%)	77.9%
Net Income (to Net Sales)	79.3 (1.1%)	65.8 (0.9%)	83.0%	86.0 (1.1%)	76.6%
FCF	△138.5	14.5	—	30.8	—
Net Income/share(yen) (※)	92.76	82.77	89.2%	108.08	—
Dividend/share(yen) (※)	32.50	35.00	107.7%	35.00	—

※We cancelled Treasury Stock of 117,985 shares in total as of May 31, 2012.

※ Net income per share has been calculated based on the average number of outstanding shares issued during the current fiscal year and impact from the stock split has been reflected as the same as for dividend per share.

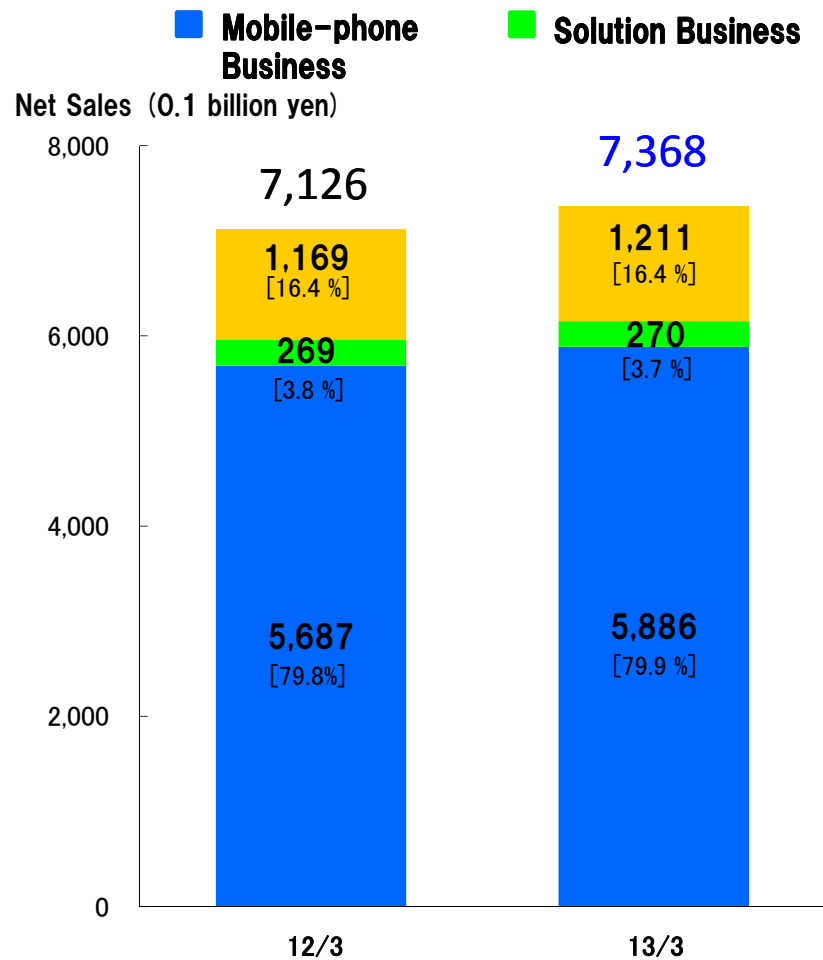
Summary of 3Q Financial Results for FY ended March 2013 on a Quarterly basis

(Unit: 0.1 billion yen)	Apr. - June, 2011	Apr. - June, 2012	YoY Chang ▲	July - Sep., 2011	July - Sep., 2012	YoY Chang ▲	Oct. - Dec., 2011	Oct. - Dec., 2012	YoY Chang ▲	Jan. - Mar., 2012	Jan. - Mar., 2013	YoY Chang ▲
	1Q Non-consolidated	1Q (Consolidated)		2Q (Non-consolidated)	2Q (Consolidated)		3Q (Consolidated)	3Q (Consolidated)		4Q (Consolidated)	3Q (Consolidated)	
Net Sales	1,555.1	1,678.2	107.9%	1,716.7	1,814.3	105.7%	1,817.8	1,945.6	107.0%	2,037.1	1,930.3	94.8%
Gross Margin (to Net Sales)	147.5 (9.5%)	157.5 (9.4%)	106.8%	159.1 (9.3%)	172.2 (9.5%)	108.2%	151.5 (8.3%)	162.7 (8.4%)	107.4%	199.9 (9.8%)	174.3 (9.0%)	87.2%
SGA Expense	117.3	137.5	117.3%	123.9	137.9	111.3%	125.3	136.0	108.5%	142.8	137.2	96.1%
Operating Income (to Net Sales)	30.2 (1.9%)	19.9 (1.2%)	66.0%	35.2 (2.1%)	34.2 (1.9%)	97.4%	26.1 (1.4%)	26.7 (1.4%)	102.2%	57.1 (2.8%)	37.0 (1.9%)	64.9%
Ordinary Income (to Net Sales)	30.0 (1.9%)	19.5 (1.2%)	65.0%	34.9 (2.0%)	34.1 (1.9%)	97.6%	26.2 (1.4%)	26.2 (1.4%)	100.1%	57.1 (2.8%)	36.9 (1.9%)	64.7%
Net Income (to Net Sales)	16.3 (1.0%)	10.4 (0.6%)	64.0%	19.0 (1.1%)	19.4 (1.1%)	101.9%	11.4 (0.6%)	14.2 (0.7%)	124.7%	32.5 (1.6%)	21.7 (1.1%)	66.8%

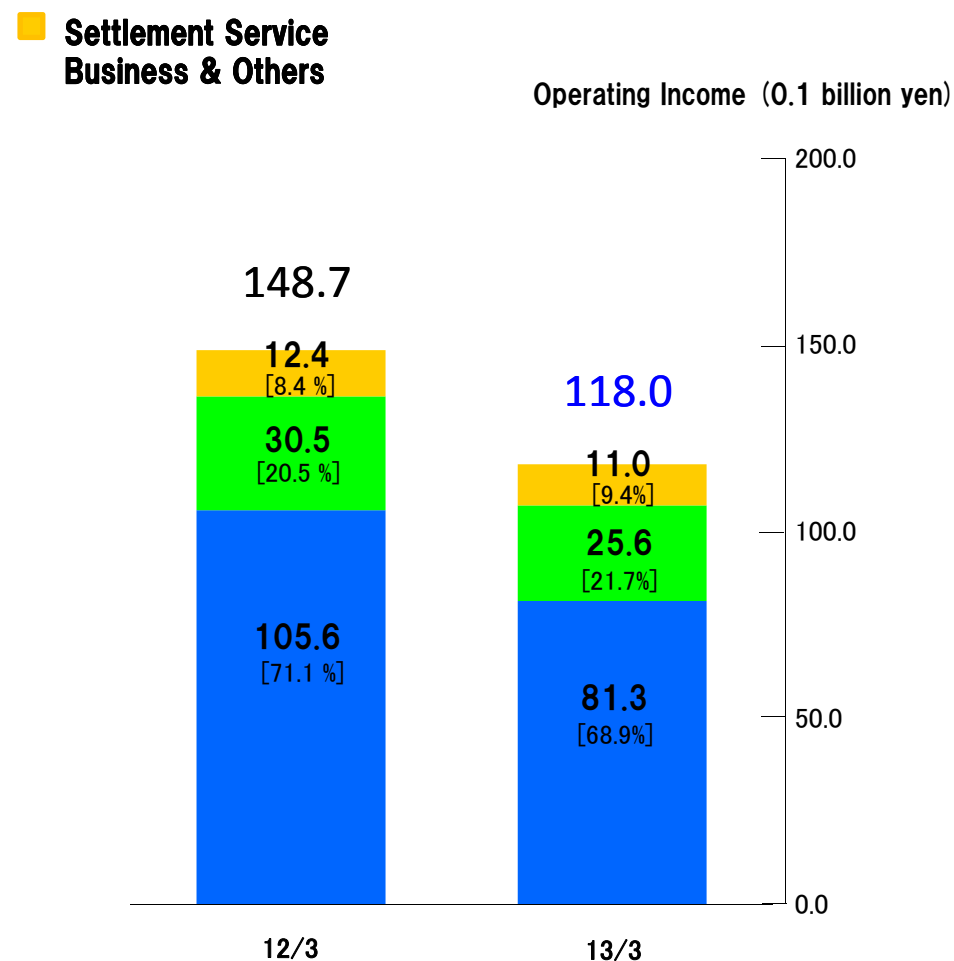
※We have started to announce Consolidated Financial Results as we had merged TG Miyazaki as of Dec. 1, 2011. Therefore, Non-consolidated Financial Results are stated for 1Q as well as 2Q for FY ended March 2012.

Financial Results by NEW Business Segment

<Net Sales>

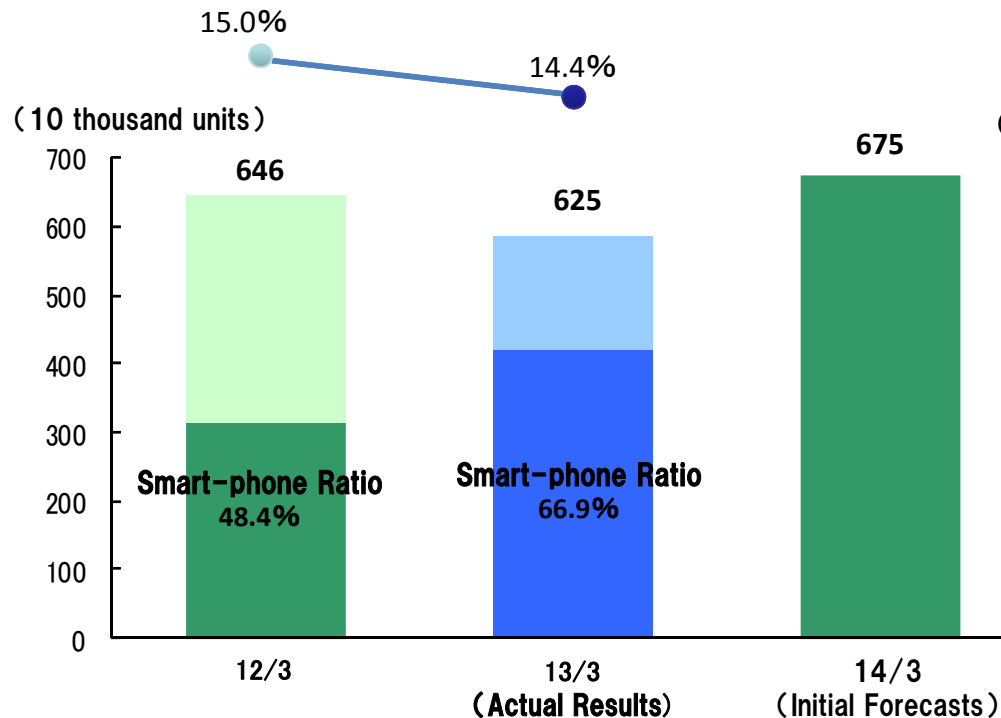


<Operating Income>

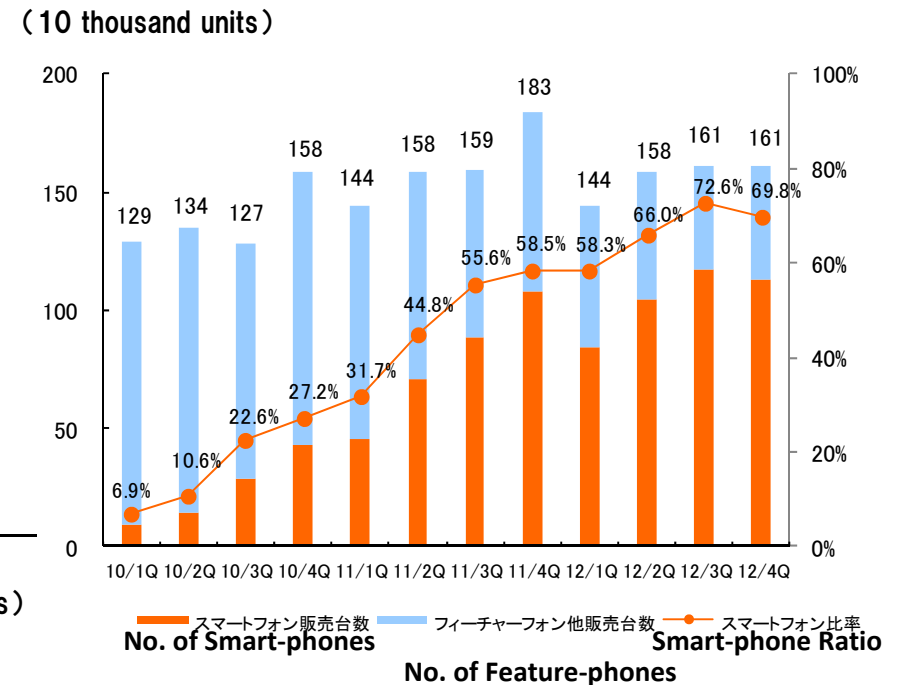


Total No. of Mobile-phones Sold Company-wide

☆Total No. of Mobile-phones Sold & TG's Market Share in Three Main Telecom Carriers



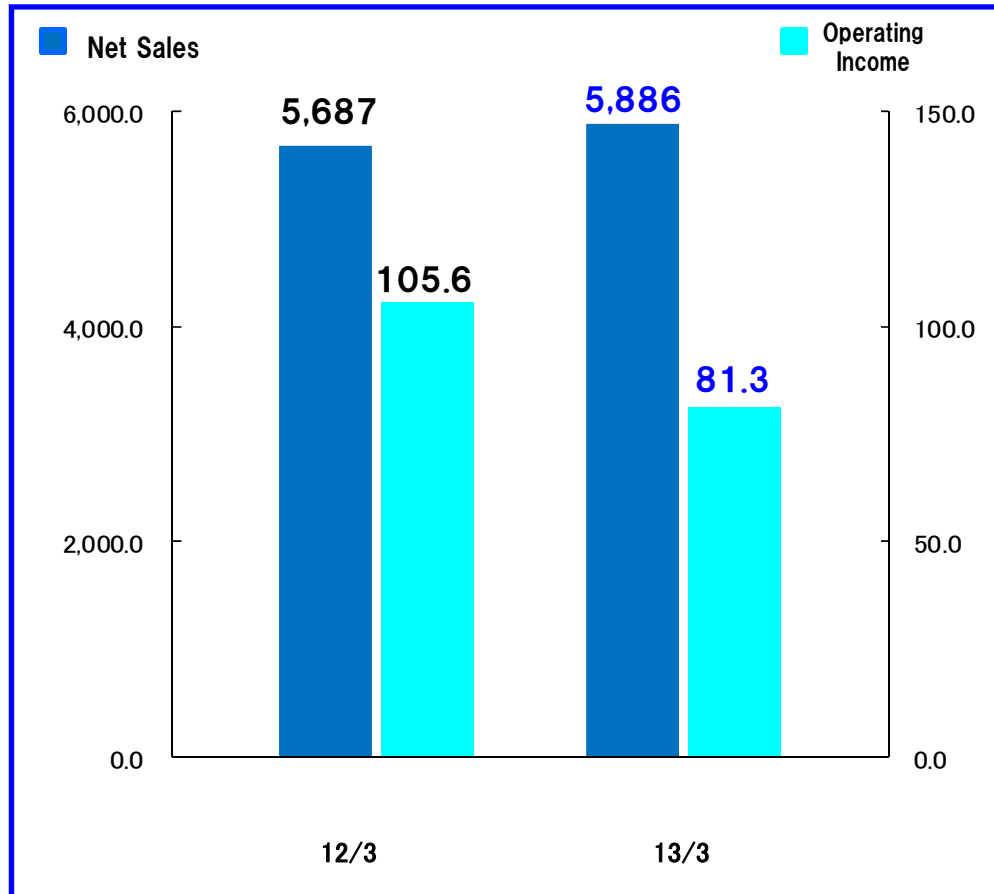
☆Total No. of Mobile-phones of Three Main Telecom Carriers Sold & Smart Phone Ratio on a Quarterly basis (10 thousand Units)



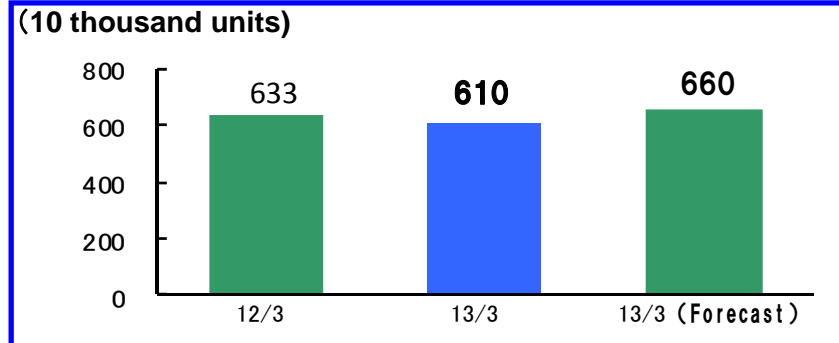
- Smart-phone Ratio has drastically risen to nearly 70%.
- Total No. of Mobile-phones Sold in 4Q of the largest selling season in Japan fell below our expectation and the same period in the previous fiscal year.

Mobil-phone Business

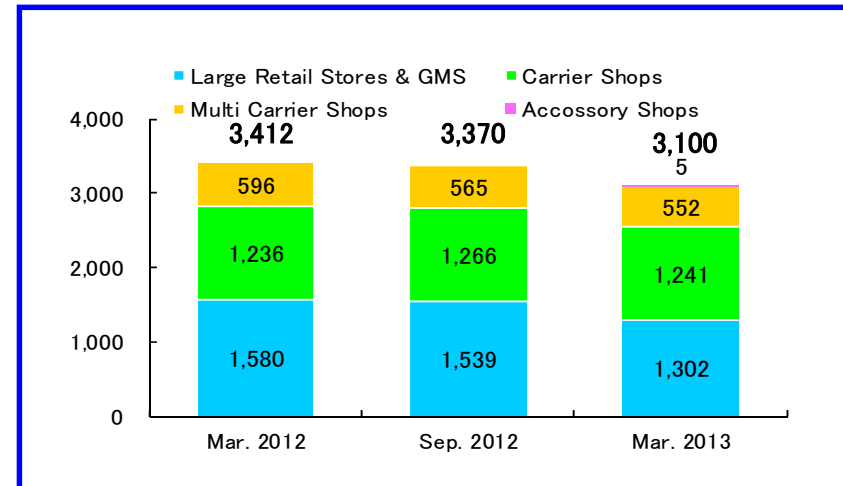
Financial Results Comparison (0.1 billion yen)



Total No. of Mobile-phones Sold in Mobile-phone Business Segment

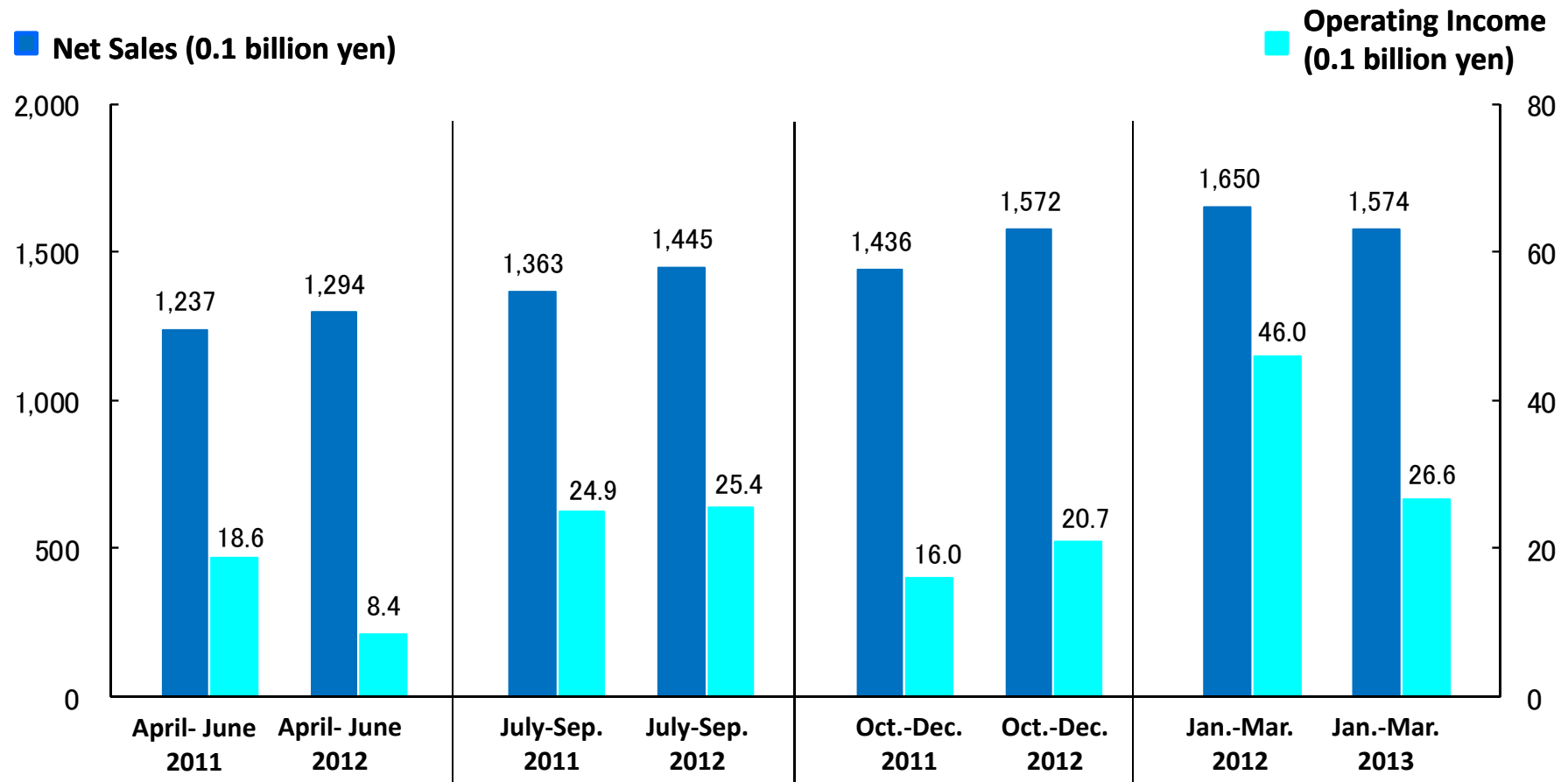


No. of Sales Base in Japan



- Although total No. of mobile-phones sold had not reached the target, net sales increased due to rise of smart-phone ratio.
- Operating income decreased mainly because of increase of SGA expenses.
- No. of sales base decreased resulted from streamline of sales channel.

Mobil-phone Business on a Quarterly Basis



- 1Q: Operating income decreased mainly due to weak sales in July resulted from lack of parts of mobile-phones.
- 2Q&3Q: Efforts to improve unprofitable sales channels gradually contributed to income recovery.
- 4Q: Operating income decreased because the mobile-phone market environment fell below our expectation.

Full-fledged Penetration of Smart-phones



Changing Market Environment

Complication & Sophistication of Sales Operations in Mobile-phone Shops

Fiercer Competition for Customer Acquisition

Expansion of New Market related to Smart-phones

Our Efforts & Approaches in FY ended March 2012 ①

Changing Market Environment

Complication & Sophistication of Sales Operations in Mobile-phone Shops

Impact on T-Gaia

Strengthening of Both Hardware of Mobile-phone Shops & Software of Sales Staff became required

Our Efforts & Approaches

Prioritizing improvement of Customer Satisfaction, invested initial cost as mentioned below:

- ① Aggressive investment into our carrier shops & other shops
 - Enlarged function of our shops by move, renovation and growth in size.
- ② Launch of “TG Academy” as education & training institution
 - Fostered Supervisors to raise the level of skills among front-line staff by strengthening of education & training system.
- ③ Review/change of employment system
 - Promoted review/change of employment system including change of temporary staff into permanent employees to retain excellent sales staff.

Our Efforts & Approached in FY ended March 2012 ②

Changing Market Environment

Fiercer Competition for Customer Acquisition

Impact on T-Gaia

Increase of promotion cost due to expansion of telecom carriers policy to directly return to retail customers

Maintenance & improvement of sales quality & structure became required

Improvement of sales efficiency of specific sales channel became serious problem

Our Efforts & Approaches

Promoted efforts to raise profitability

① Improvement of profitability

- Aggressive investment into education & training of sales staff
- Strict control of profitability including cost control
- Drastic review of contract details

② Aggressive sales promotion of smart-phones related products

- Strengthening of promotion of affiliates & accessories for smart-phones

Our Efforts & Approached in FY ended March 2012 ③

Changing Market Environment

Expansion of New Market related to Smart-phones

Impact on T-Gaia

Taking advantage of new business opportunity of sale of accessories for smart-phones



Our Efforts & Approaches

Toward diversification of our income source

- ① Promotion of sales & expansion of selling space for smart-phones
- ② Launch of “Smart Labo” specialized in accessories for smart-phones



Mobile-phone Business: Launch of “Smart Labo”

- Start with “Smart Labo (SL) Hiroshima-hondori” opened November, 2012, set up five “SL” shops in total by the end of March 2013.

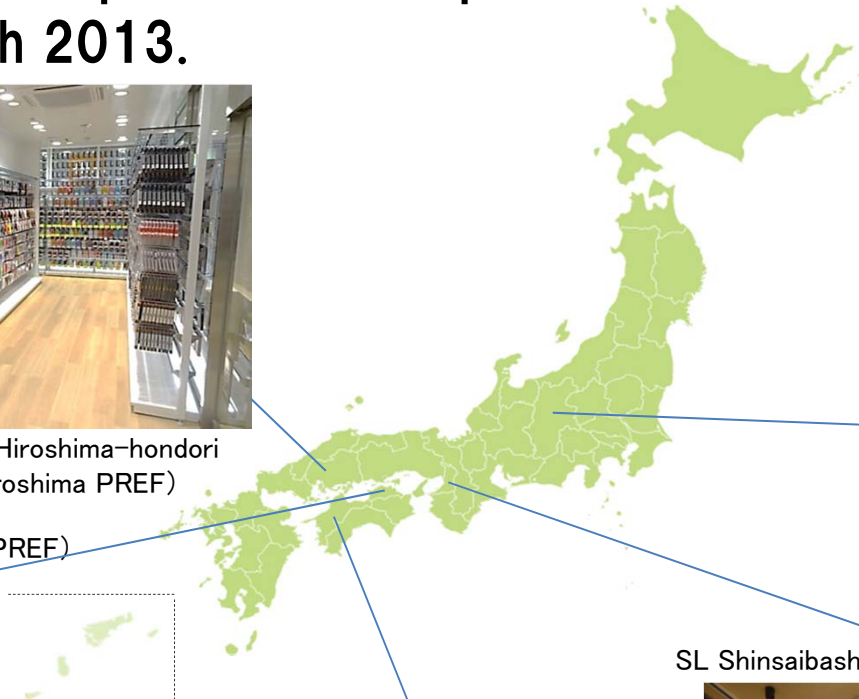


SL Hiroshima-hondori
(Hiroshima PREF)



SL Matsumoto PARCO
(Nagano PREF)

SL Yume-town Mitoyo (Kagawa PREF)



SL Okaido Chuo (Ehime PREF)

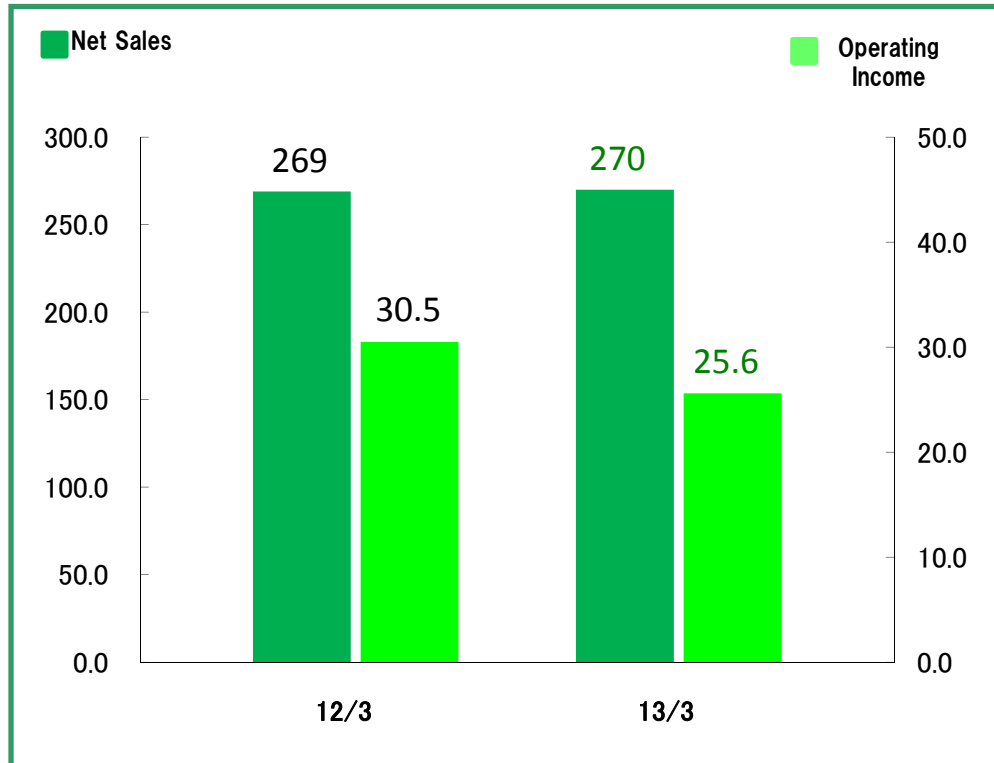


SL Shinsaibashi (Osaka)

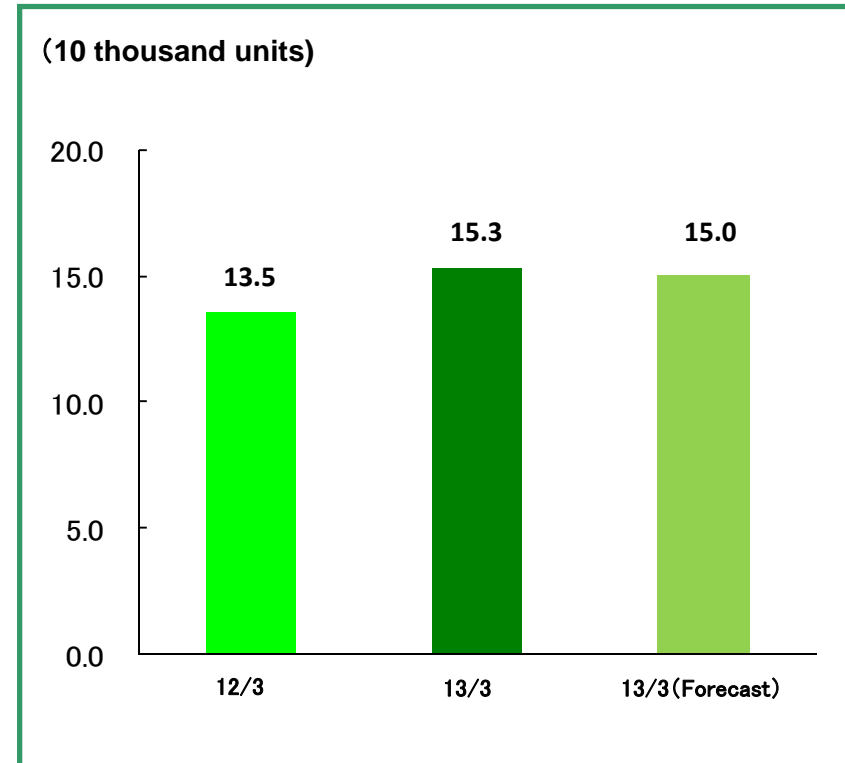


Solution Business

Financial Results Comparison (0.1 billion yen)



Total No. of Mobile-phones Sold in Solution Business Segment



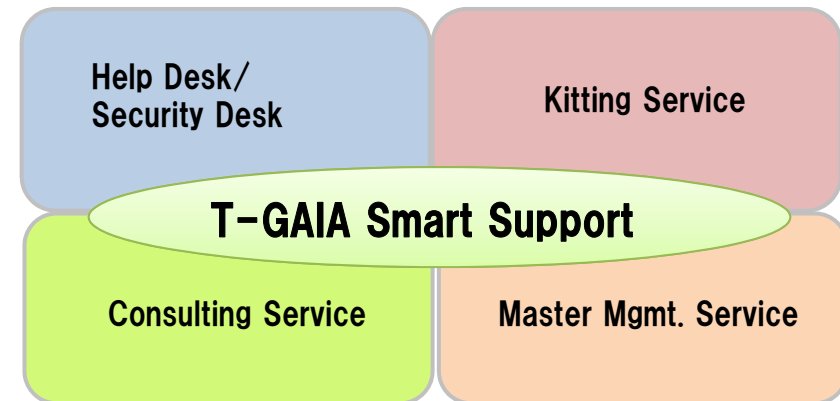
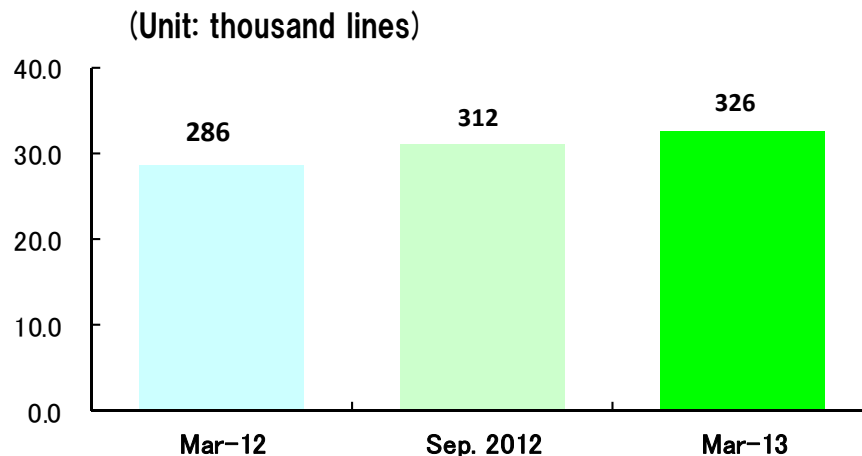
- Increase of sales volume of mobile-phones for corporate clients contributed to growth of net sales.
- Operating income decreased because of the end of new sales of “Mylne” service.

Our Efforts & Approaches in Solution Business

Sales/Marketing Business for corporate clients

- Retained telecommunication lines of corporate clients by promoting subscription for “moninostar” service which is mobile & fixed line management service for corporate clients.
- Promoted provision of “T-GAIA Smart Support”
 - Supported adoption of smart-phones/tablets for corporate clients.

<Total No. of lines subscribing for “movinostar” service>

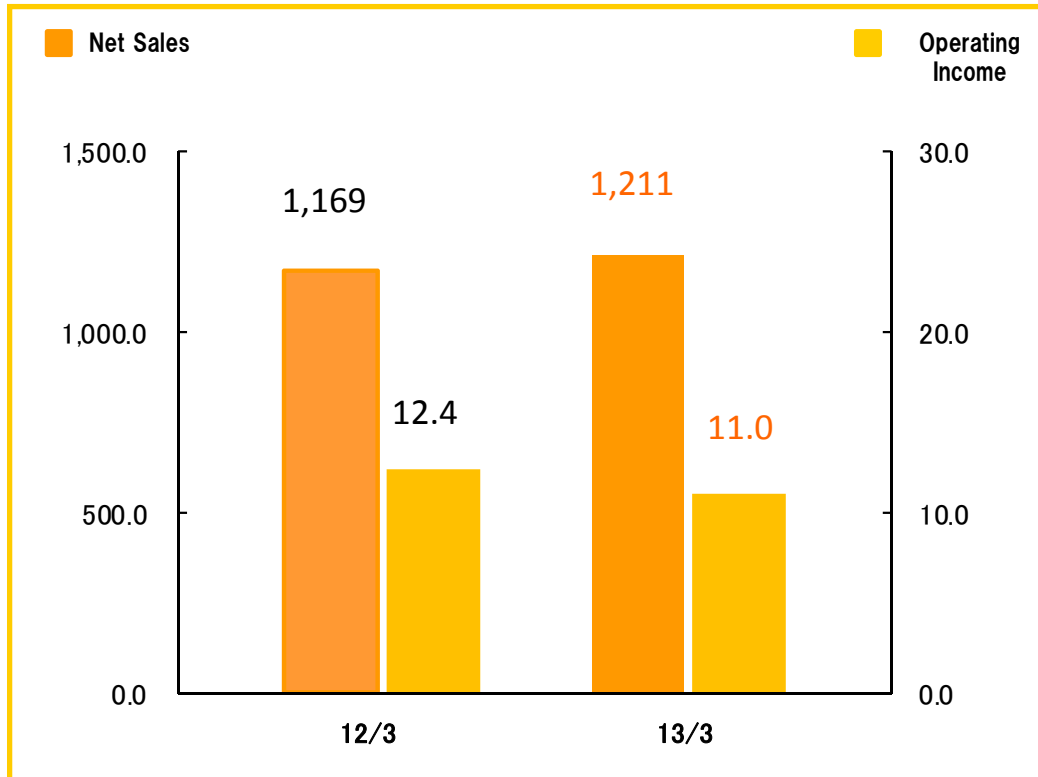


Fixed-line Business

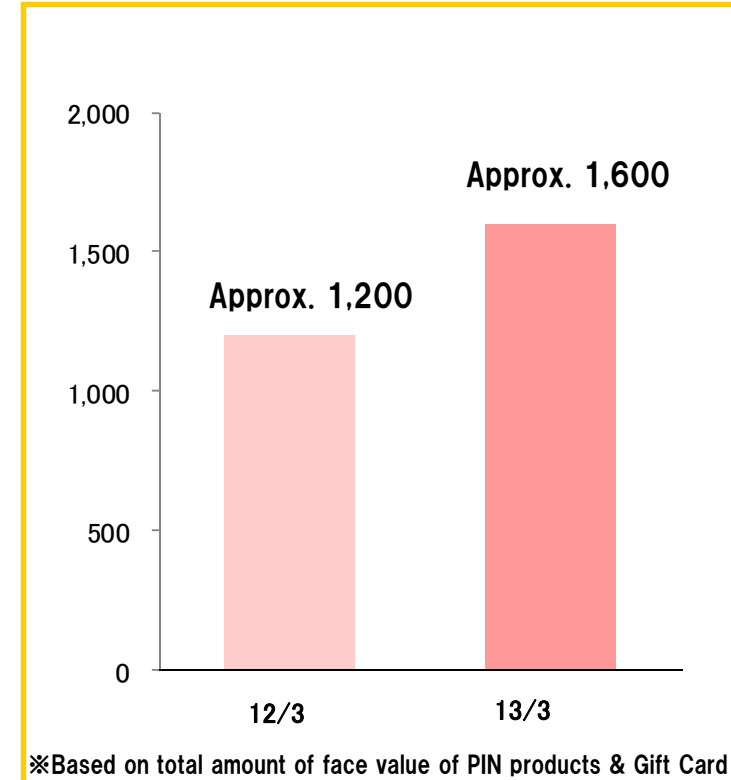
- Sales promotion of FTTH service & related products such as ISPs
- Further strengthening of alliance with business partners

Settlement Service & Other Business

Financial Results Comparison (0.1 billion yen)



Total Face Amount of PINs/
Gift Cards (0.1 billion yen)

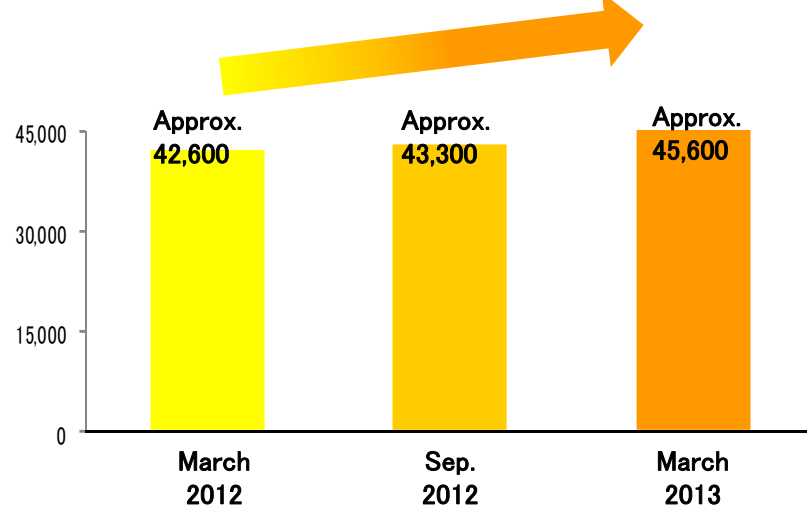


- **Net sales grew due to increase of e-settlement amount**
 - **Rapid expansion of total face amount of Gift Cards**
- Operating income decreased because of occurrence of initial cost to expand sales channels for Gift Cards as well as investment into overseas business for future revenue increase

Our Efforts & Approaches in Settlement Service & Other Business

Sale of PIN Products

Total No. of convenience stores dealing PIN

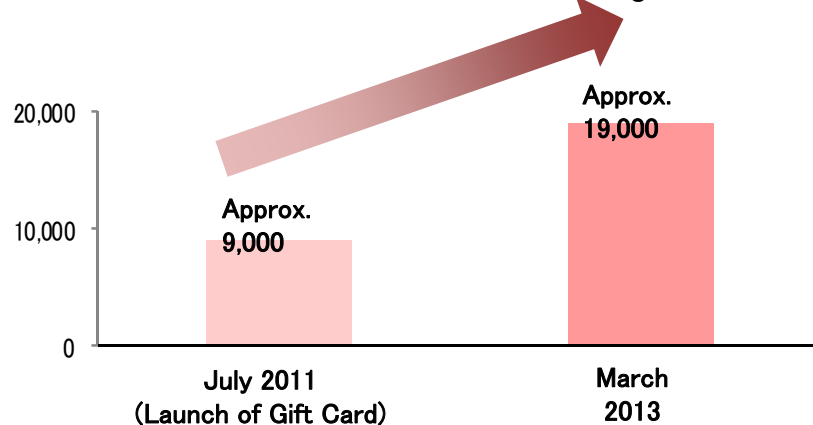


- Expansion of sales channel
- Start of dealing new product



Sales of Gift Card Products

Total No. of convenience stores dealing Gift Cards



- Expansion of sales channel
 - Drastically expanded the channel November 2012
- Increase of new products



※GREE is registered trademark of GREE, Inc.



※Mobage is registered trademark of DeNA Co., Ltd.



Mobile-phone Distribution Business in China: Shanghai

Marketing for Consumers

Summer 2011: Our First China Unicom Shop won the First prize in SIM sales contest

Increased Unicom shops to seven in total by the end of March 2013

July 2012: Opened 5th China Unicom Shop

Dec. 2013: Opened 6th China Unicom Shop

March 2013: Opened 7th China Unicom Shop



(Awards Ceremony for SIM Contest)



(5th China Unicom Shop)



(7th China Unicom Shop)

Marketing for Corporate Clients

- Promote sales and marketing activities continuously for Japanese companies mainly targeting the group companies of major Japanese trading firms to be entrusted with mobile-phone mgmt. service.
- Started mobile & fixed line mgmt. service for corporate clients and increased No. of subscription.

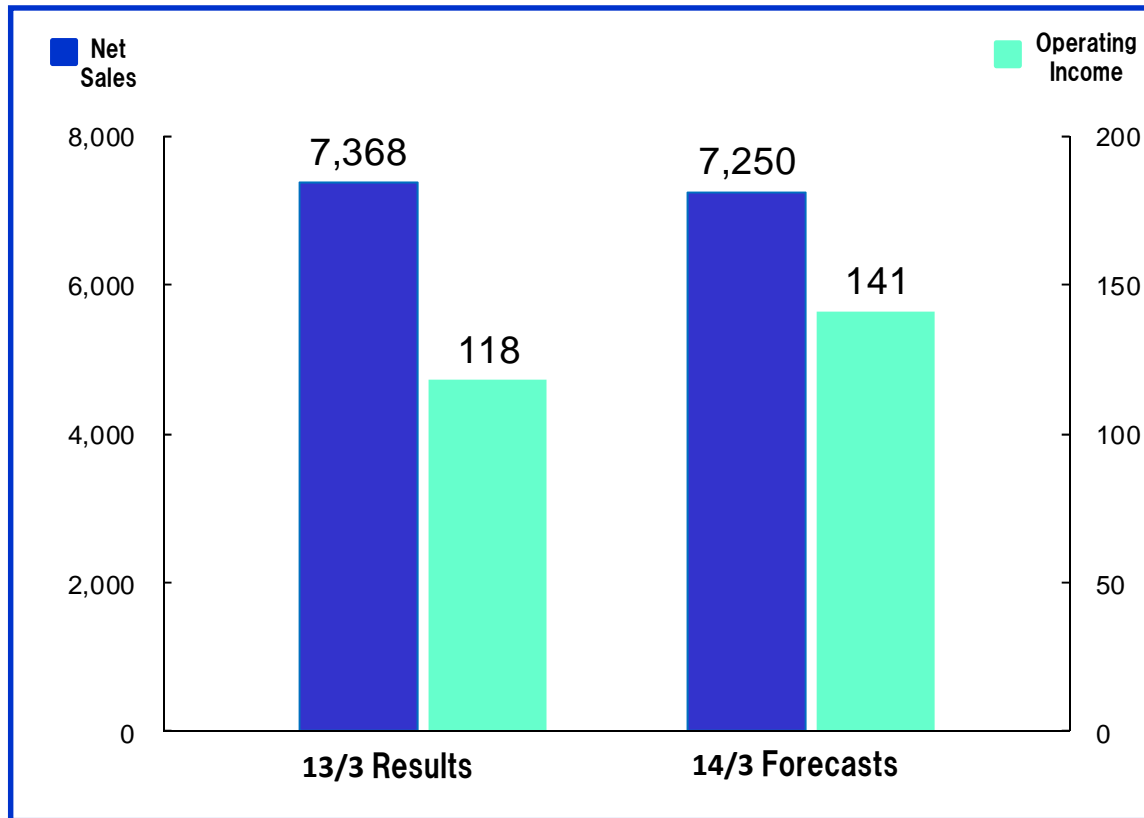


Forecasts for FY ended March 2014 & Future Development

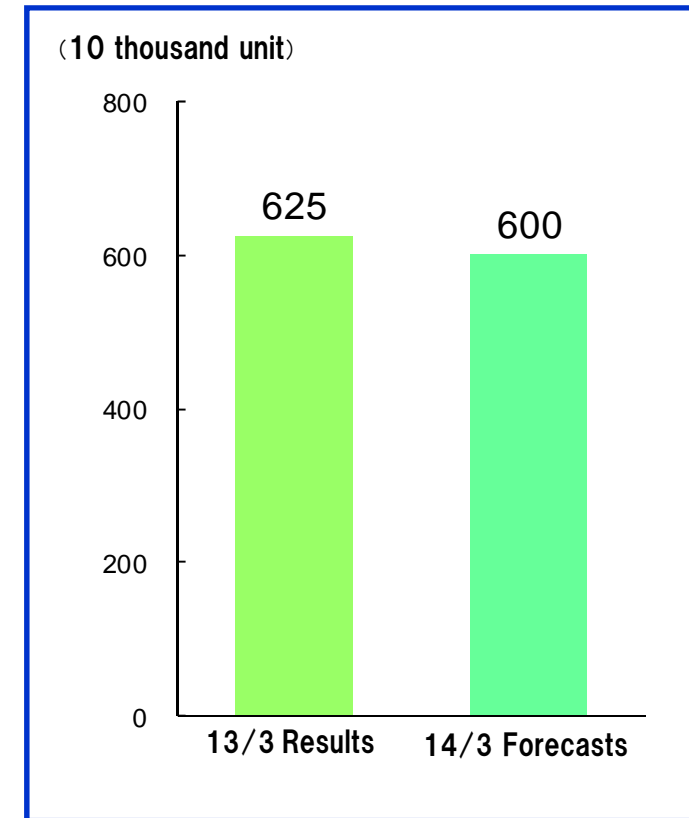


Consolidated Forecasts for all TG Group

Financial Results Comparison (0.1 billion yen)



Total No. of Mobile-phones to Sell



- We expect to increase operating income by full-fledged contribution of improvement of profitability as well as effect of business restructuring though net sales will be decreased due to streamline of sales channel.

Consolidated Forecasts for FY ending March 2014

(Unit : 0.1 billion yen)	13/3 Full-year Results	14/3 Full-year Forecasts	Change of Amount	Year-on-Year basis (%)
Net Sales	7,368.5	7,250.0	▲ 118.5	98.4%
Grosss Margin	666.8	676.0	9.2	101.4%
SGA Expenses	548.7	535.0	▲ 13.7	97.5%
Operating Income	118.0	141.0	23.0	119.4%
Orginary Income	116.9	138.0	21.1	118.0%
Net Income	65.8	77.5	11.7	117.7%
Net Income/Share (yen) [※]	82.77	98.16	15.39	118.6%
Dividend /Share (yen) [※]	35.00	35.00	0.00	100.0%
Dividend Payout Ratio (%)	42.3%	35.7%	-	-

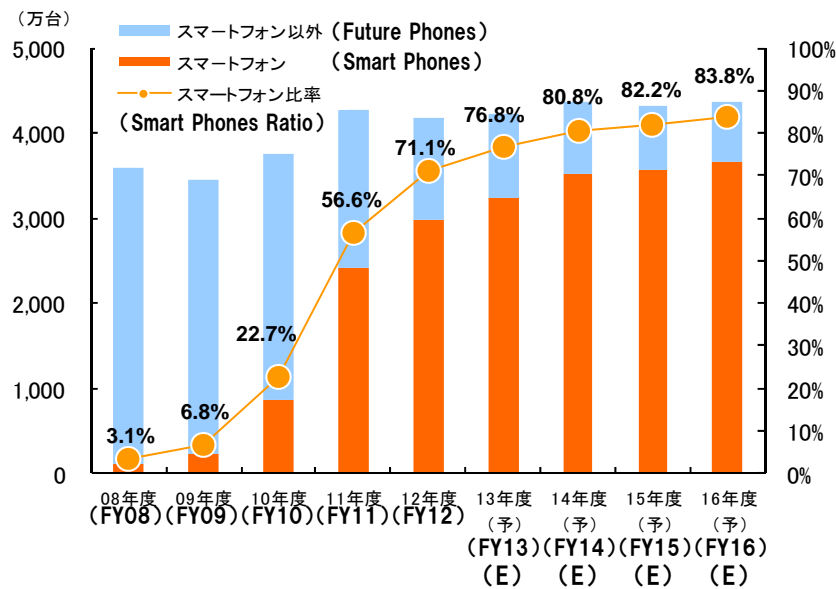
Consolidated Forecasts for FY ending March 2014 by Segment

(Unit:0.1 billion yen)		2013/3 Results	2014/3 Forecasts	
		Amount	Amount	YoY basis (%)
Mobile-phone Business	Net Sales	5,886.7	5,660.0	96.1%
	Operating Income	81.3	101.0	124.2%
Solution Business	Net Sales	270.4	260.0	96.2%
	Operating Income	25.6	28.5	111.3%
Settlement Service Business & Others	Net Sales	1,211.3	1,330.0	109.8%
	Operating Income	11.0	11.5	104.5%
Total	Net Sales	7,368.5	7,250.0	98.4%
	Operating Income	118.0	141.0	119.4%

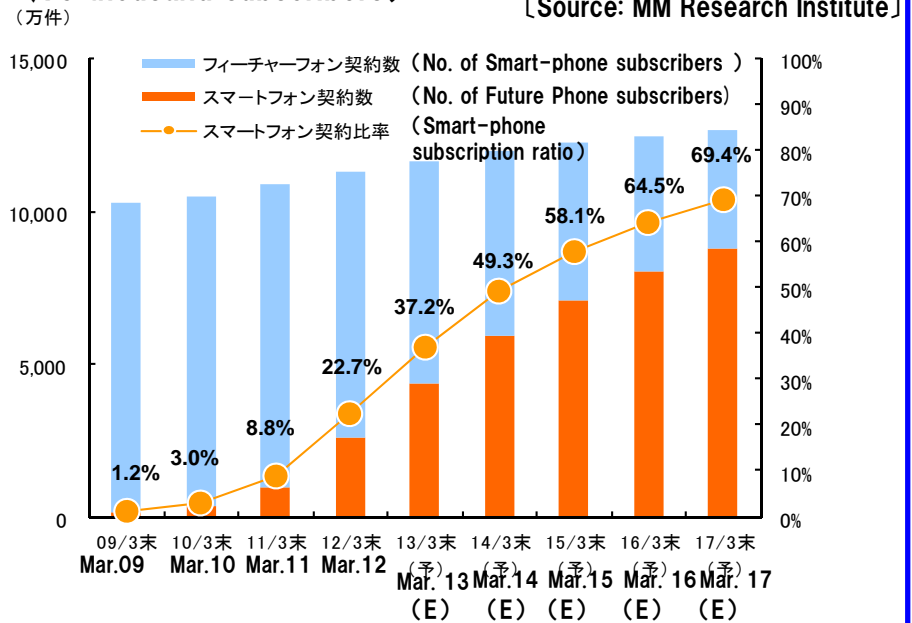
- Aim at increase of operating income for all segments.

Mobile-phone Business: Business Environment

☆Results & Forecasts of Total Volume of Shipments for smart-phones & Future phones in Japan (10 thousand units)



☆Total No. of subscribers for smart-phones (10 thousand subscribers)

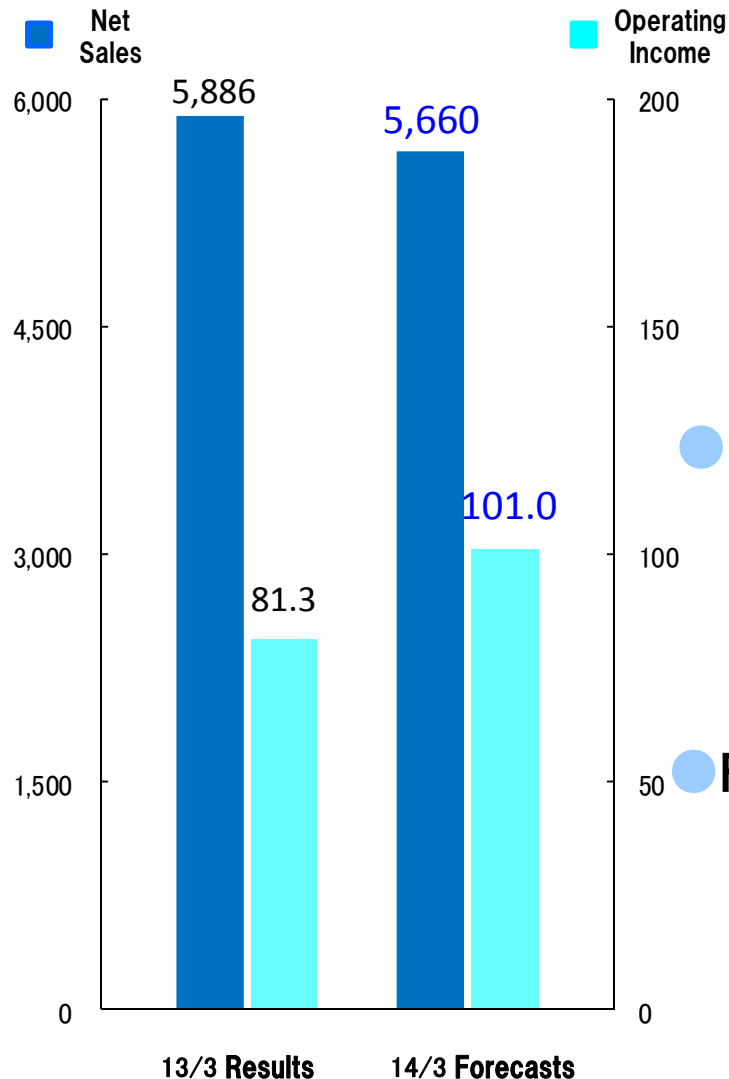


Further penetration of smart-phones & Increase demand for changing existing smart-phone over new one

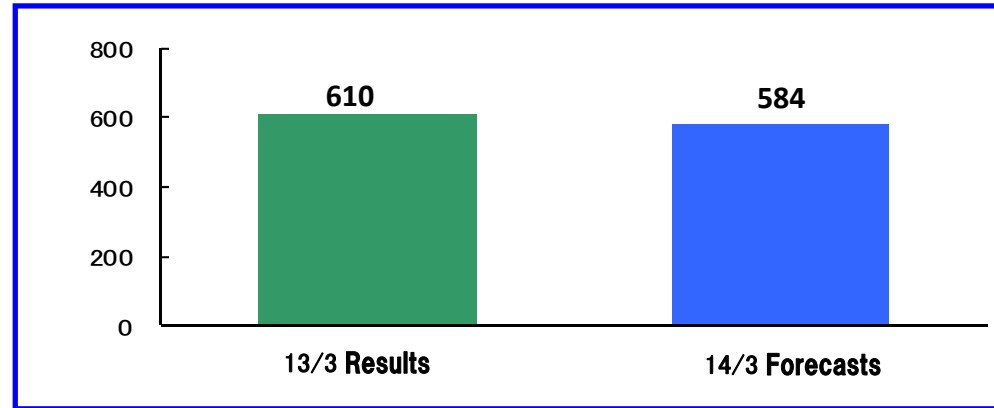
- Market environment will be stabilized with strong demand due to rise of smart-phone subscription ratio
- High-speed communication services will be accelerating and the covered service area will be expanding
- Needs for products related to mobile terminals will be continuously increasing
- Shift from PCs to Smart-phone/Tablets will be promoted

Mobile-phone Business: Full-year Forecasts

Full-year Forecasts (0.1 billion yen)



Total No. of Mobile-phones to Sell in Mobile-phone Business Segment (10 thousand units)



● Full-fledged contribution of profitability improvement

- Cost reduction by establishing efficient sales organization
- Drastic review of contract details
- Cost reduction by business restructuring

● For providing better Smart-phone life with customers

- Continuous cultivation of quality sales staff
- Increase of attractive shops by promoting move/renovation
- Comprehensive proposal including related service
- Launch & expand our original shops specializing in accessories for smart-phones with “Smart Labo” brand

Mobile-phone Business: Further Development of “Smart Labo”

April 2013: Opened “Smart Labo Chiba PARCO” as the first SL shops in areas around Tokyo.

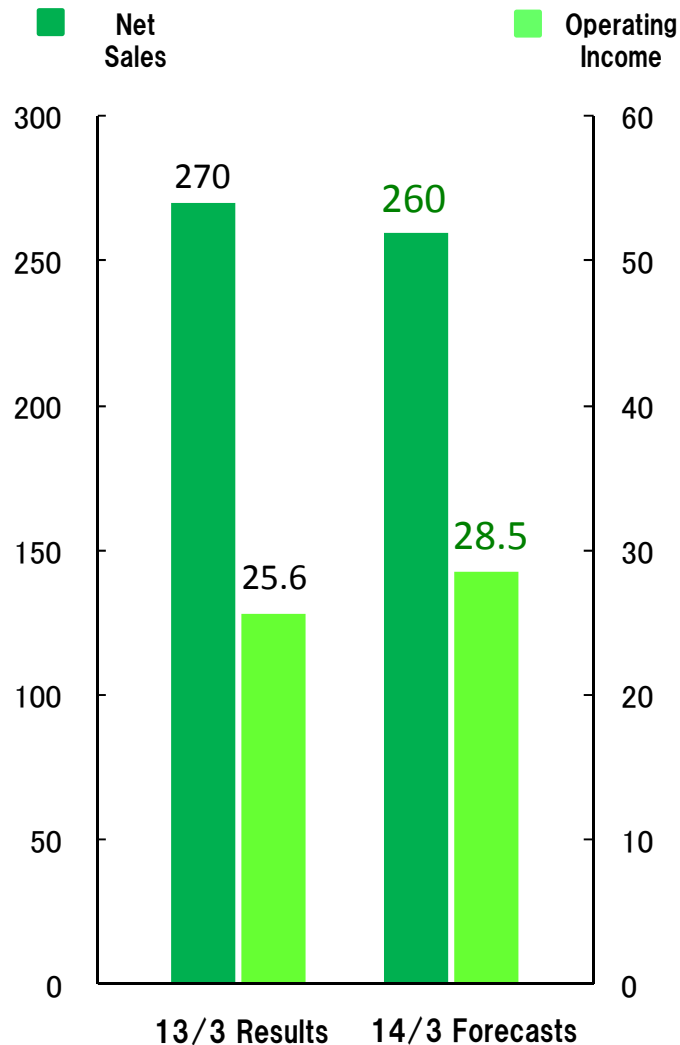


Intend to open up more shops in this fiscal year ending March 2014



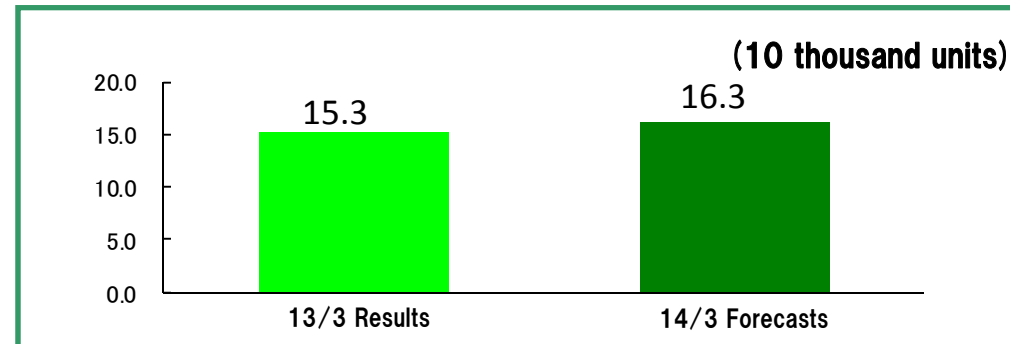
Solution Business: Full-year Forecasts

Full-year Forecasts (0.1 billion yen)



Sales/ Marketing Business for Corporate Clients

Total No. of Mobile-phones to Sell in Solution Business Segment



Further promotion of adoption of smart-phones / tablet terminals among corporate clients continuously

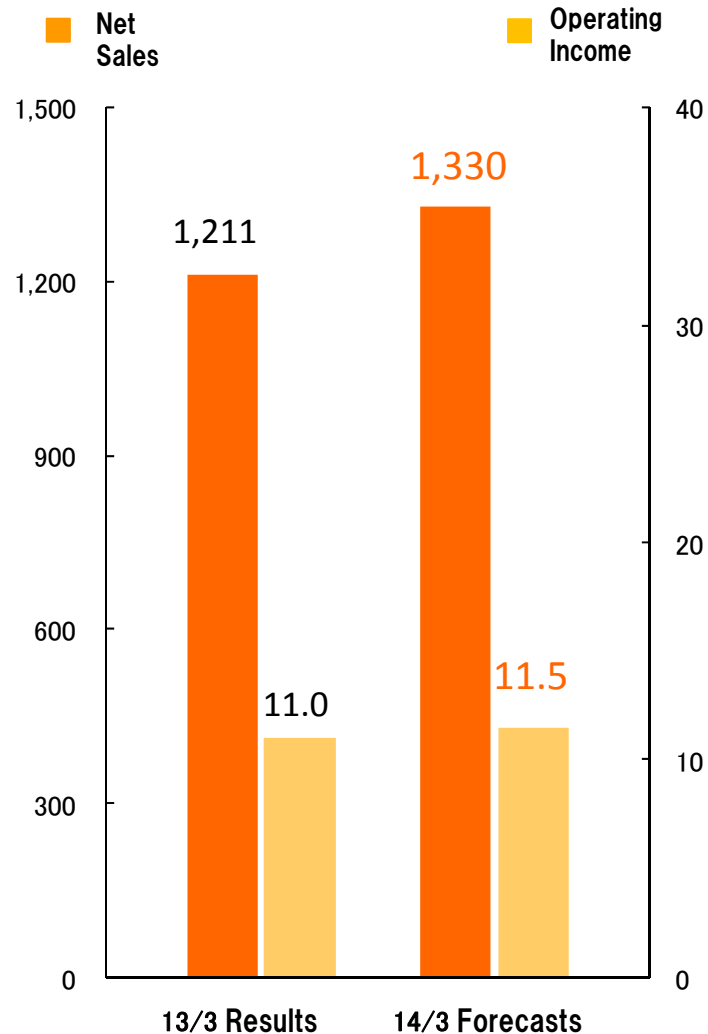
- Strengthening of mobile & fixed line services based on “movinostar” service
- Provision of Solution Services inc. “TG Smart Support” to improve convenience for corporate clients

Fixed-line Business

- Pursuit of sales efficiency
- Sales promotion of related products

Settlement Service & Other Business: Full-year Forecasts

Full-year Forecasts (0.1 billion yen)



Settlement Service Business

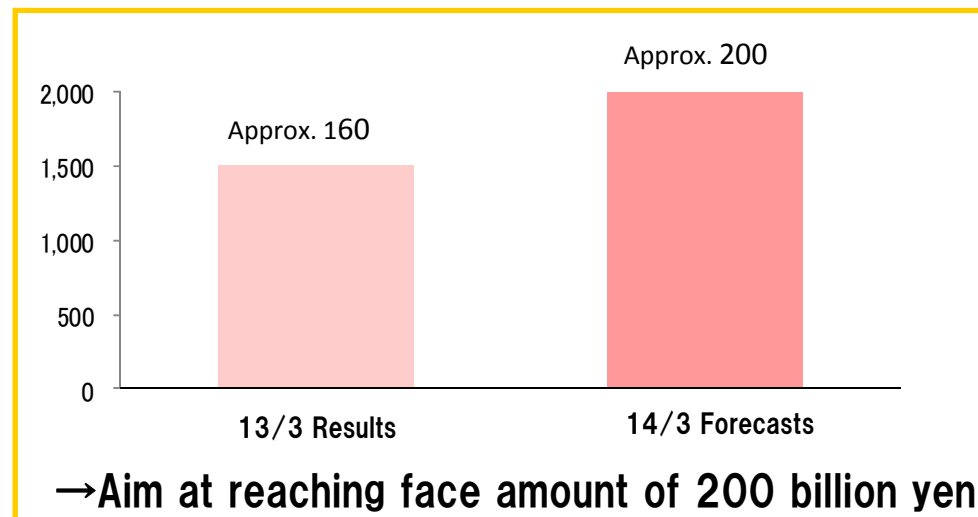
- Increase & diversification of products as well as Sales channels not only for PIN products but also for Gift Cards

Started sales of “Ameba Card” as of April 14, 2013.



※Ameba & Logo mark of Ameba are trademarks for Cyber Agent.

Total Face Amount of PINs/ Gift Cards (1 billion yen)



Settlement Service & Other Business: Overseas Business

Overseas Business

1. Mobile-phone distribution business in China

- Increase Customer Satisfaction through Japanese-style quality service
- Create a synergy effect by establishing multi-shop structure

→ Establish the sales structure consists of multi sales base

- Further promote sales and marketing activities continuously for Japanese companies to be entrusted with mobile-phone mgmt. service

2. Settlement Service Business

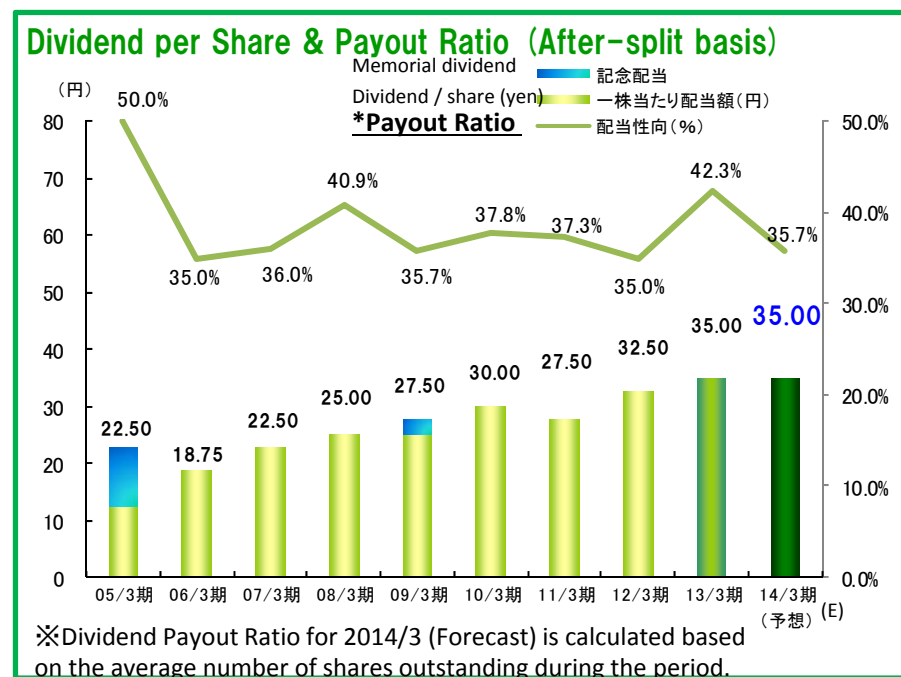
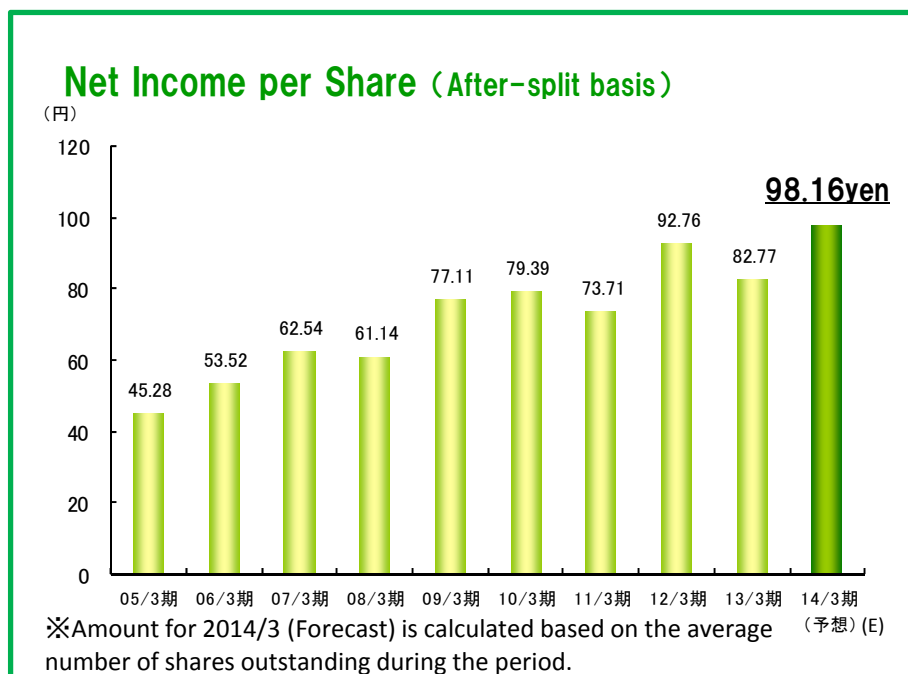
- April 2013: Made a capital & business alliance with Avantouch Systems Pte Ltd. engaged in prepaid settlement service business in China .

→ Promote development of settlement service business in China.

Return to Shareholders : Dividend Policy

[Basic Dividend Policy]

- Targeting and maintaining **Dividend Payout Ratio over 30% Level**



[Year-end Dividend per Share for FY ending March 2014 (Forecast)]

35 yen/share (Interim dividend : 17.5 yen / Year-end dividend :17.5 yen)

⇒ Same level as the annual dividend in the FY ended March 2013

**“Realization of Smart-phone World”
through “Strengthening of Hand-on Approach”**

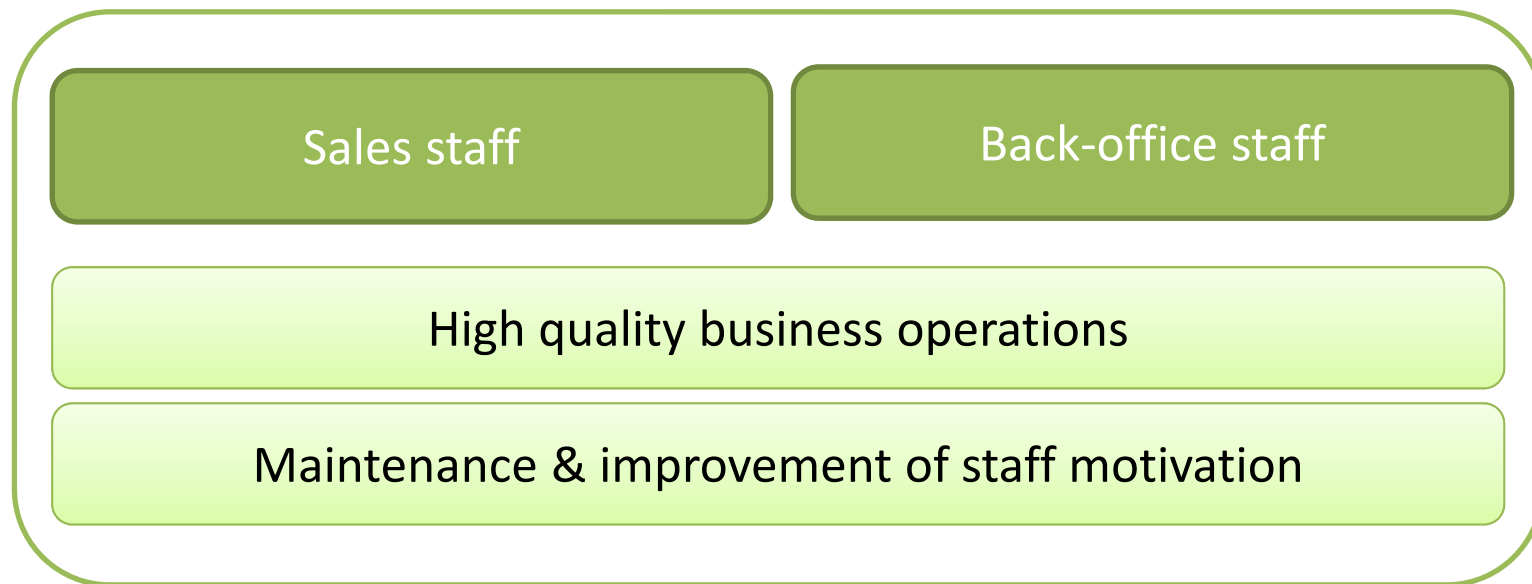
Corporate Policy ①

〈 Strengthening of Hand-on Approach〉

Further improvement of Customer Satisfaction

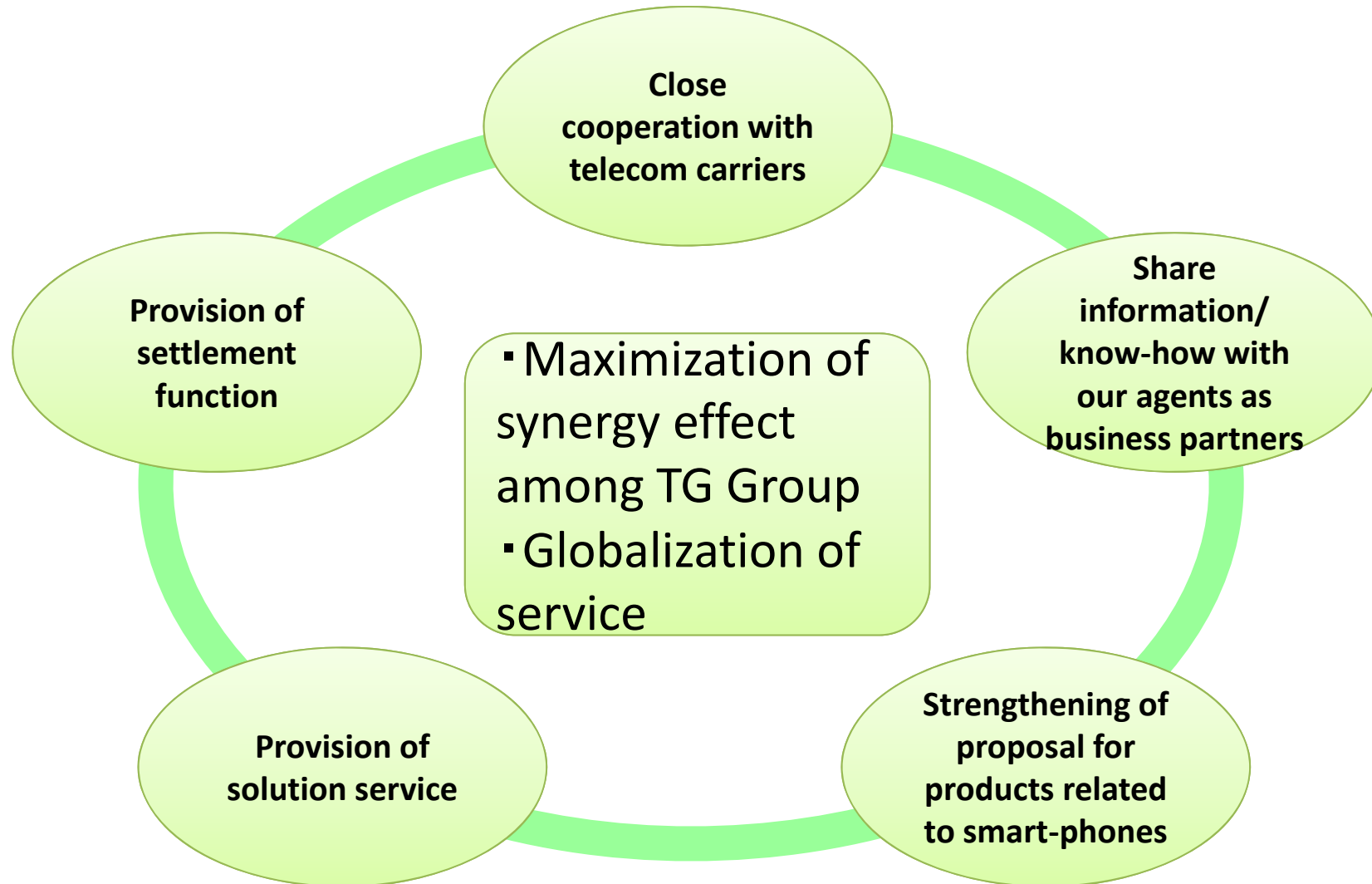
Promotion of business restructuring

with Hands-on Approach



Corporate Policy ②

〈 For providing better Smart-phone life with customers〉



Corporate Policy ③

〈Cultivation of human resources as precious resources〉

