

**Non-Consolidated Financial Results for the First Half of Fiscal Year Ending March 31, 2010  
(Six Months Ended September 30, 2009)**

November 13, 2009

Company name: T-Gaia Corp.

Listing: Tokyo Stock Exchange, First Section

Stock code: 3738 URL: <http://www.t-gaia.co.jp>

Representative: Shigenori Miyazaki, President & CEO

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Scheduled commencement date of dividend payout: December 11, 2009

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

**1. Financial Results for the First Half of Fiscal Year Ending March 31, 2010 (April 1, 2009 – September 30, 2009)**

(1) 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 2010	279,910	88.5	8,058	105.1	7,939	119.5	4,353	165.5
1H FY 2009	148,528	—	3,929	—	3,617	—	1,639	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
1H FY 2010	8,496.19		8,491.16	
1H FY 2009	5,230.36		5,225.15	

Note: Telepark Corporation has merged with MS Communications Co., Ltd. as of October 1, 2008 and changed the company name to T-Gaia Corporation. Therefore, the results of the first half of fiscal year ended March 31, 2009 are results of Telepark Corporation only.

(2) Financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
1H FY 2010	118,524		28,799		24.3		56,207.71	
FY 2009	148,420		25,946		17.5		50,640.54	

Reference: Shareholders' equity (million yen): 1H FY 2010: 28,799 FY 2009: 25,946

**2. Dividends**

	Dividends per share				
	1Q-end	Interim	3Q-end	Yearend	Annual
	Yen				
FY 2009	—	2,500.00	—	3,000.00	5,500.00
FY 2010	—	3,000.00			
FY 2010 (forecasts)			—	2,500.00	5,500.00

Note: Revisions to the dividend forecast in the current quarter: Yes

Note: The fiscal yearend dividend for the fiscal year ended March 31, 2009 included a regular dividend of ¥2,500 and merger commemorative dividend of ¥500.

**3. Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)**

(Percentages indicate 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	567,000	31.5	15,000	21.0	14,750	23.3	8,000	25.7	15,613.73	

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

#### 4. Others

- (1) Application of simplified accounting procedures and special accounting procedures to the preparation of quarterly financial statements: Yes
- (2) Changes in accounting principles, procedures and method of presentation pertaining to preparation of the quarterly financial statements (recorded as changes to significant items forming the basis for the creation of the financial statements).
  - 1) Changes caused by revision of accounting standards: None
  - 2) Other changes: None
- (3) Number of shares issued and outstanding (shares of common stock)
  - 1) Number of shares outstanding (including treasury stock) at end of period:

1H FY 2010:	512,371 shares
FY 2009:	512,367 shares
  - 2) Number of treasury stock at end of period:

1H FY 2010:	—
FY 2009:	—
  - 3) Average number of shares outstanding during the period:

1H FY 2010:	512,367 shares
1H FY 2009:	313,498 shares

#### \* 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 assumptions for the forecast of the business performance, please refer to “3. Qualitative Information Concerning Business Performance Forecasts,” in “Qualitative Information and Financial Statements” on page 4.

## Qualitative Information and Financial Statements

### 1. Qualitative Information Concerning Operating Results

The Japanese economy in the first half period under review (April – September 2009) saw production, exports, and some areas of personal consumption rebound as inventory adjustments centered on large corporations ran their course and the government's economic stimulus measures took hold. Nonetheless, with the global recession since last year causing significant declines in corporate earnings and capital expenditure, and with continuing weakness in employment, the economy remained under intense pressure.

In this environment, compared with a year earlier, all business segments of the Company experienced improved results thanks to the scale increase brought by the management integration (Note 1). In main business line Mobile Telecommunications, data communication cards and smart phone sales picked up. Sales in unit terms lacked vigor continued on from last year, however, as growing installment sales resulted in higher selling prices while consumer sentiment remained muted under the impact of the recession. On the upside, the price lift from installment sales also helped stabilize prices. Operating income increased, thanks to growth in maintenance services, enhanced management efficiency, and management integration effects. In Network Communications Business, where sales of FTTH service sales increased but MYLINE Carrier Selection Service acquisition languished in a saturated market, the management integration contributed to higher operating income. In Prepaid Settlement Services Business and Other Business (Note 2), the management integration added to sales revenue and earnings, further to gains from expanded sales channels to the major convenience store operators since last year.

As a result, sales revenue for the first half period (6-month period) under review increased 88.5 percent on the year to 279,910 million yen and operating income grew 105.1 percent to 8,058 million yen. Ordinary income rose 119.5 percent to 7,939 million yen, reflecting the absence of 259 million yen in business integration costs with MS Communications Co., Ltd. charged in the corresponding period a year before. Similarly, while last year 247 million yen in office relocation costs were provisioned and a valuation loss of 165 million yen was charged for the cancellation of subsidiary equity related to the absorption of former subsidiaries Telecompark Corp. and Mobitec Corp., no such costs emerged in the 6-month period under review, lifting net income for the period by 165.5 percent on the year to 4,353 million yen.

(Note 1)

On October 1, 2008, the Company implemented an integration of management with Telepark Corporation and MS Communications Co., Ltd. and changed its name to T-Gaia Corporation with the objective of expanding operations and increasing enterprise value. Therefore, in the year-on-year comparison for the first half period under review, the prior-year (from April 2008 to September 2008) parent data of Telepark Corporation are used.

(Note 2)

During the first half period under review, there was a change of name in business segments. Since last fiscal year, settlement services for PIN (Personal Identification Number)-based merchandise sales systems and prepaid mobile phones were grouped as Settlement Services Business and Other Business, for which a new segment was established. To indicate more clearly the business content, the name was altered to Prepaid Settlement Services Business and Other Business. This change affects only the name and not the scope of the segment.

(Mobile Telecommunications Business)

In the first half period under review (six months), volume-based sales languished despite strengthened marketing efforts being made that were geared toward dealer and corporate users and despite sales channels for shops being optimized. This was mainly due to higher selling prices lifted by installment sales gaining ground. Moreover, users satisfied with handsets' increasingly widespread high-performance features, and stalling personal consumption in the wake of the recession, served to prolong the repurchase cycle. Nonetheless, partly due also to the business integration, sales revenue increased 89.0 percent on the year to 243,334 million yen, with handset sales of 2.46 million mobile phones (64.6 percent higher than the same period in the previous year). Moreover, handset installment sales helped stabilize selling prices and thereby enhanced profitability and reduced cancellation penalties. Operating income increased 122.0 percent on the year to 5,953 million yen, reflecting an increase in maintenance service sales, contributions from improved management efficiency, and business integration effects.

(Network Communications Business)

In the first half period under review (six months), sales of FTTH services increased thanks to efforts being made at acquiring new subscribers through improved sales arrangements centered on leading dealers and reinforced proposal-based marketing in direct sales. New acquisitions in MYLINE Carrier Selection Service, however, languished due to the market being saturated. Nonetheless, thanks to expanded operations on the back of the business integration, sales revenue increased 85.6% on the year to 11,045 million yen and operating income gained 79.8% to 1,853 million yen.

(Prepaid Settlement Services Business and Other Business)

In the first half period under review (six months), revenue at settlement services for PIN (Personal Identification Number)-based merchandise sales systems increased by 84.2 percent on the year to 25,530 million yen. After last year's expansion in sales channels surrounding the leading convenience store operators, this result was due to increased product recognition at convenience stores using the system, as well as contributions from business integration effects. However, a recall of defective prepaid mobile phone handsets and the cost of system investments capped operating income at 251 million yen, reflecting a gain of 16.1 percent on the year.

## 2. Qualitative Information Concerning Financial Position

### (Assets)

Current assets contracted 22.6 percent since the end of the prior fiscal year to 98,284 million yen. This was mainly due to cash and deposits, accounts receivable-trade, products, and accounts receivable, which declined 1,357 million yen, 15,983 million yen, 5,869 million yen, and 5,488 million yen, respectively.

Fixed assets fell 5.8 percent compared with the end of the prior fiscal year to 20,240 million yen. This was mainly due to goodwill and leasehold deposits, which declined 761 million yen and 166 million yen, respectively.

As a result, compared with the end of the prior fiscal year, total assets fell 20.1 percent to 118,524 million yen.

### (Liabilities)

Current liabilities fell 27.3 percent compared with the end of the prior fiscal year to 77,301 million yen. This was mainly due to declines in accounts payable-trade and short-term loans payable, which decreased by 13,387 million yen and 12,900 million yen, respectively.

Long-term liabilities fell 23.1 percent compared with the end of the prior fiscal year to 12,424 million yen, reflecting a reduction in long-term loans payable by 3,664 million yen.

Total liabilities fell 26.7 percent compared with the end of the prior fiscal year to 89,725 million yen.

### (Net assets)

Net assets increased 11.0 percent compared with the end of the prior fiscal year to 28,799 million yen.

### (Cash flows)

Cash flows from operating activities totaled 14,957 million yen (48.4 percent higher than the same period in the previous year).

Main factors were 7,917 million yen in income before income tax, with trade receivables reduced by 15,983 million yen, inventories by 5,885 million yen, and 13,387 million yen in trade payables.

Cash flows from investing activities totaled 227 million yen (63.5 percent lower than the same period in the previous year).

This was mainly due to 418 million yen in payments for purchase of property, plant, and equipment, 169 million yen in payments for purchase of software, and 405 million yen in income from refunded leasehold deposits.

Cash flows from financing activities totaled 16,108 million yen (82.9 percent higher than the same quarter in the previous year).

Main factors were reductions in short- and long-term loans payable of 12,900 million yen and 1,664 million yen, respectively, and 1,544 million yen in cash dividends paid.

As a result, net cash and cash equivalents at the end of the first half accounting period under review totaled 1,312 million yen, which was 1,378 million yen less than at the end of the previous fiscal year.

## 3. Qualitative Information Concerning Business Performance Forecast

Full-year estimate released on October 22, 2009, remain unchanged. First-half (six months) sales represent 49.4 percent of the full-year estimate released on October 22, 2009, with percentages for operating income, ordinary income, and net income at 53.7 percent, 53.8 percent, and 54.4 percent, respectively. It should be noted that concerning the revision of financial forecasts the “Announcement of Revisions to Financial Results Forecasts” released October 22, 2009, applies.

It should further be noted that concerning the revision of dividend forecasts the “Notice of Distribution of Surplus Funds (Interim Dividends)” released concomitant herewith applies.

## 4. Other Information

- (1) Application of simplified accounting procedures and special accounting procedures to the preparation of quarterly financial statements  
Only significant taxable and deductible items were considered in the calculation of changes in the amounts of income tax payments.
- (2) Changes in accounting principles, procedures, and method of presentation pertaining to preparation of the quarterly financial statements  
Not applicable.

**5. Quarterly Financial Statements**

## (1) Quarterly Balance Sheets

(Millions of yen)

	1H FY 2010 (As of September 30, 2009)	FY 2009 Summary (As of March 31, 2009)
<b>Assets</b>		
Current assets		
Cash and deposits	1,312	2,690
Accounts receivable-trade	53,450	69,433
Products	28,581	34,450
Inventories	55	71
Other accounts receivable	12,629	18,117
Other current assets	2,293	2,230
Allowance for doubtful accounts	(38)	(56)
Total current assets	98,284	126,938
Fixed assets		
Tangible fixed assets		
	3,083	3,348
Intangible assets		
Goodwill	9,591	10,353
Others	818	800
Total intangible assets	10,409	11,153
Investments and other assets		
Investments in affiliates	93	170
Leasehold deposits	4,280	4,447
Others	2,434	2,430
Allowance for doubtful accounts	(60)	(67)
Total investments and other assets	6,747	6,980
Total fixed assets	20,240	21,482
Total assets	118,524	148,420
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	46,227	59,615
Short-term loans payable	1,600	14,500
Long-term loans payable within one year	5,328	3,328
Other accounts payable	18,483	22,485
Income taxes payable	3,435	4,227
Deposits received	236	208
Allowance for bonus	1,319	1,571
Allowance	95	104
Other current liabilities	576	272
Total current liabilities	77,301	106,313
Long-term liabilities		
Long-term loans payable	11,008	14,672
Allowance for employees' retirement benefits	547	651
Others	869	836
Total long-term liabilities	12,424	16,160

(Millions of yen)

	1H FY 2010 (As of September 30, 2009)	FY 2009 Summary (As of March 31, 2009)
Total liabilities	89,725	122,474
Net Assets		
Shareholders' equity		
Capital stock	3,098	3,098
Capital surplus	5,585	5,584
Retained earnings	20,045	17,228
Total shareholders' equity	28,728	25,912
Valuation and translation adjustments		
Net unrealized holding gain on securities	70	34
Total valuation and translation adjustments	70	34
Total net assets	28,799	25,946
Total Liabilities and Net Assets	118,524	148,420

(2) Statements of Income  
(First Half Period)

(Millions of yen)

	1H FY 2009 (from April 1, 2008 to September 30, 2008)	1H FY 2010 (from April 1, 2009 to September 30, 2009)
Net Sales	148,528	279,910
Cost of Sales	132,374	248,678
Gross Profit	16,153	31,232
Selling, General and Administrative Expenses	12,224	23,174
Operating Income	3,929	8,058
Non-Operating Income		
Interest income	5	3
Dividend income	1	3
Rent income	9	4
Insurance reimbursement	4	6
Compensation received	—	9
Others	11	13
Total non-operating income	31	40
Non-Operating Expenses		
Interest expenses	69	149
Merger expenses	259	—
Others	15	9
Total non-operating expenses	343	159
Ordinary Income	3,617	7,939
Extraordinary Gains		
Reversal of allowance for doubtful accounts	—	7
Refund of prior-year consumption taxes, tc.	—	58
Gain from termination of employee retirement benefit plan	—	12
Gain on sales of fixed assets	3	1
Total extraordinary gains	3	79
Extraordinary Losses		
Provisioning for allowance for office relocation expenses	247	—
Loss on extinguishment of tie-in shares	165	—
Loss on revaluation of investment securities	57	—
Impairment losses	14	19
Loss on revaluation of shares in affiliates	—	77
Loss on removal of fixed assets	13	5
Loss on valuation of golf club memberships	2	—
Others	1	0
Total extraordinary losses	503	101
Income Before Income Taxes	3,116	7,917
Income Taxes –Current	1,279	3,462
Income Taxes –Deferred	197	101
Total Income Taxes	1,477	3,564
Net Income	1,639	4,353

(Second Quarter Period)

(Millions of yen)

	2Q FY 2009 (from July 1, 2008 to September 30, 2008)	2Q FY 2010 (from July 1, 2009 to September 30, 2009)
Net Sales	73,442	144,604
Cost of Sales	65,305	128,464
Gross Profit	8,137	16,139
Selling, General and Administrative Expenses	5,985	12,238
Operating Income	2,151	3,900
Non-Operating Income		
Interest income	4	2
Rent income	4	2
Insurance reimbursement	1	0
Compensation received	—	9
Others	10	8
Total non-operating income	20	23
Non-Operating Expenses		
Interest expenses	37	72
Merger expenses	33	—
Others	15	5
Total non-operating expenses	86	78
Ordinary Income	2,085	3,845
Extraordinary Gains		
Refund of prior-year consumption taxes, etc.	—	58
Gain from termination of employee retirement benefit plan	—	12
Gain on sales of fixed assets	1	1
Total extraordinary gains	1	72
Extraordinary Losses		
Provisioning for allowance for office relocation expenses	247	—
Loss on revaluation of investment securities	57	—
Impairment losses	1	8
Loss on revaluation of shares in affiliates	—	77
Loss on removal of fixed assets	8	3
Others	—	0
Total extraordinary losses	315	88
Income Before Income Taxes	1,771	3,829
Income Taxes –Current	882	2,376
Income Taxes –Deferred	(87)	(629)
Total Income Taxes	795	1,746
Net Income	975	2,082



## (3) Statements of Cash Flows

(Millions of yen)

	1H FY 2009 (from April 1, 2008 to September 30, 2008)	1H FY 2010 (from April 1, 2009 to September 30, 2009)
<b>Cash Flows from Operating Activities</b>		
Income before income taxes	3,116	7,917
Depreciation	282	697
Amortization of goodwill	270	765
Impairment losses	14	19
Loss (gain) on extinguishment of tie-in shares	165	—
Increase (decrease) in provisions for office relocation costs	247	—
Increase (decrease) in allowance for doubtful accounts	8	(24)
Increase (decrease) in reserve for employees' bonuses	(12)	(252)
Increase (decrease) in allowance for early subscription cancellations	(65)	(9)
Increase (decrease) in allowance for employees' retirement benefits	(10)	(104)
Interest and dividend income	(6)	(6)
Interest expenses	69	149
Loss (gain) on sales of fixed assets	(2)	(1)
Loss on removal of fixed assets	13	5
Unrealized loss (gain) from investment securities	57	—
Loss on valuation of golf club memberships	2	—
Decrease (increase) in trade receivable	24,012	15,983
Decrease (increase) in accounts receivable—other	4,225	5,263
Decrease (increase) in inventories	5,210	5,885
Increase (decrease) in trade payable	(22,886)	(13,387)
Increase (decrease) in other accounts payable	(2,486)	(3,910)
Others	(608)	350
Subtotal	11,619	19,339
Interests and dividends received	7	6
Interests paid	(69)	(145)
Income taxes paid	(1,476)	(4,243)
Net cash provided by operating activities	10,081	14,957
<b>Cash Flows from Investing Activities</b>		
Payment for purchase of property, plant and equipment	(167)	(418)
Proceeds from sales of property, plant and equipment	19	17
Payment for purchase of software	(13)	(169)
Payment for loans receivable	(86)	—
Proceeds from collection of loans receivable	13	94
Payment for loans to affiliates	10	—
Payment for leasehold deposits	(265)	(80)
Proceeds from return of leasehold deposits	103	405
Payments for business transfer	(210)	—
Others	(28)	(76)
Net cash used in investing activities	(625)	(227)

(Millions of yen)

	1H FY2009 (from April 1, 2008 to September 30, 2008)	1H FY2010 (from April 1, 2009 to September 30, 2009)
<b>Cash Flows from Financing Activities</b>		
Increase (decrease) in short-term loans payable	(3,100)	(12,900)
Expenses for repayment of long-term loans payable	—	(1,664)
Proceeds from issue of stock	—	0
Expenses for purchase of treasury shares	(4,890)	—
Cash dividends paid	(817)	(1,544)
<b>Net cash used in financing activities</b>	<b>(8,808)</b>	<b>(16,108)</b>
Increase (Decrease) in Cash and Cash Equivalents	647	(1,378)
<b>Cash and Cash Equivalents at Beginning of Period</b>	<b>1,089</b>	<b>2,690</b>
Increase in Cash and Cash Equivalents Resulting from Merger	366	—
<b>Cash and Cash Equivalents at End of Period</b>	<b>2,102</b>	<b>1,312</b>

(4) Notes on Going Concern Assumption

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

**6. Other Information**

## (1) Net sales and operating income by business segment

(Millions of yen)

		1H FY 2009 (from April 1, 2008 to September 30, 2008)	1H FY 2010 (from April 1, 2009 to September 30, 2009)	YoY change (%)
Mobile Telecommunications Business	Net sales	128,719	243,334	89.0
	Operating income	2,682	5,953	122.0
Network Communications Business	Net sales	5,952	11,045	85.6
	Operating income	1,030	1,853	79.8
Prepaid Settlement Services Business and Other Business	Net sales	13,857	25,530	84.2
	Operating income	216	251	16.1
Total	Net sales	148,528	279,910	88.5
	Operating income	3,929	8,058	105.1

Note: During the first quarter period under review, there was a change of name in business segments. Since last fiscal year, settlement services for PIN (Personal Identification Number)-based merchandise sales systems and prepaid mobile phones were grouped as Settlement Services Business and Other Business, for which a new segment was established. To indicate more clearly the business content, the name was altered to Prepaid Settlement Services Business and Other Business.  
This change affects only the name and not the scope of the segment.