

## Consolidated Financial Results for the Six Months Ended March 31, 2011

April 27, 2011

Company name:	MTI Ltd.
Stock code:	9438
Shares listed:	Osaka Securities Exchange
URL:	<a href="http://www.mti.co.jp">http://www.mti.co.jp</a>
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Scheduled date of filing of Quarterly Report:	May 13, 2011
Scheduled date of start of dividend payment:	—

(Figures less than one million yen are omitted)

### 1. Consolidated Financial Results for the Six Months Ended March 31, 2011 (From October 1, 2010 to March 31, 2011)

#### (1) Consolidated Operating Results

(Millions of yen except for per share amounts)  
(Percentages are shown as year-on-year changes)

	Net sales	Operating income	Ordinary income	Net income
For the six months ended March 31, 2011	16,340 (8.7%)	1,777 (166.2%)	1,766 (165.5%)	922 (136.2%)
For the six months ended March 31, 2010	15,026 (23.8%)	667 (-19.9%)	665 (-17.1%)	390 (-54.7%)

	Net income per share (Yen)	Net income per share-diluted (Yen)
For the six months ended March 31, 2011	6,900.75	—
For the six months ended March 31, 2010	2,907.89	2,891.00

#### (2) Consolidated Financial Position

(Millions of yen except for per share amounts)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
As of March 31, 2011	14,927	8,803	57.7%	64,447.08
As of September 30, 2010	15,091	8,259	54.0%	60,929.15

#### (Reference) Shareholders' equity

As of March 31, 2011: 8,615 million yen      As of September 30, 2010: 8,145 million yen

### 2. Dividends

(Yen)

	Cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Annual
For the year ended September 30, 2010	—	0.00	—	3,500.00	3,500.00
For the year ending September 30, 2011	—	0.00	—	3,500.00	3,500.00
For the year ending September 30, 2011(Forecast)	—	0.00	—	3,500.00	3,500.00

(Note) Revision of dividend forecast for during this period : None

### 3. Consolidated Forecast for the Fiscal Year Ending September, 2011 (From October 1, 2010 to September 30, 2011)

(Millions of yen except for per share amounts)  
(Percentages are shown as year-on-year changes)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
For the year ending September 30, 2011	33,500 (8.6%)	3,600 (14.9%)	3,560 (13.6%)	2,100 (15.1%)	15,708.22

(Note) Revision of Consolidated forecast for during this period : None

4. Others

Please refer to page P.6 Others.

(1) Changes in significant subsidiaries (Accompanying changes in scope of the consolidation) : None

Newly consolidated: None

Excluded: None

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the period under review.

(2) Adoption of simplified accounting methods and specified accounting methods: Yes

(Note) This item indicates whether there was adoption of simplified accounting methods and special accounting methods for the preparation of quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, and disclosures methods

(which should be stated in Changes of Significant Items for Preparation of Quarterly Consolidated Financial Statements)

(i) Changes due to revision of accounting standards: Yes

(ii) Other changes: None

(Note) This item indicates whether there were changes in accounting principles, procedures, presentation methods, and other factors with respect to the preparation of quarterly consolidated financial statements, described in "Changes of Material Matters that are the Basis of Presenting Quarterly Consolidated Financial Statements".

(4) Number of shares issued (common stock)

(i) Number of shares issued at end of year  
(including treasury stock)

As of March 31, 2011	133,688 shares	As of September 30, 2010	134,388 shares
As of March 31, 2011	— shares	As of September 30, 2010	700 shares
For the six months ended March 31, 2011	133,688 shares	For the six months ended March 31, 2010	134,320 shares

(ii) Number of treasury stock at end of year

(iii) Weighted average number of shares

Indication of quarterly review procedure implementation status

This quarterly earnings report is not subject to quarterly review procedures based upon the Financial Instruments and Exchange Act. Thus, at the time of disclosure of the financial results, the quarterly financial statement review procedures based upon the Financial Instruments and Exchange Act, have not been completed.

Explanation for Appropriate Use of Forecasts and Other Notes

This report contains forward-looking statements on business performance based on the judgements, assumptions, and beliefs of management using the information available at the time. Actual results may differ substantially due to changes in domestic or overseas economic conditions or changes in internal or external business environments or aspects of uncertainty contained in the forecasts, latent risks or various other factors. In addition, risk and uncertainty factors include unpredictable elements that could arise from future events. Please refer to P.5 "Qualitative Information on Forecast for Consolidated Financial Results" of the Attachment for the assumptions used and other notes.

# 1 Qualitative Information on Results for the Second Quarter under Review

## (1) Qualitative Information on Consolidated Operating Results

### Overview of the three months ended March 31, 2011

#### (From January 1, 2011 to March 31, 2011)

In the second quarter ended March 31, 2011, in services for feature phones<sup>1</sup>, to increase the number of paying subscribers, we engaged in promotions for highly cost-effective services, such as health-related information and fortune telling. In services for smartphones<sup>2</sup>, we increased the number of services and proceeded with carrier billing. As a result of these activities, we increased the number of paying subscribers for feature phone services and smartphone services, and the number of paying subscribers increased to 9.73 million as of March 31, 2011 (an increase of 0.11 million compared to December 31, 2010).

In the area of health-related information, the number of paying subscribers reached the 2.00 million at the end of January as a result of promotions using television commercials and other vehicles. The quarter brought expansion for *Luna-Luna* as well as *Karada Medica*, a physician consultation site launched in December, and the number of subscribers for the category as whole steadily increased.

In decorative e-mails and fortune telling, services for which demand increases seasonally during the year-end and New Year period, we actively conducted promotions with an emphasis on mobile advertising and succeeded in increasing the number of paying subscribers during the peak demand season.

In addition, we undertook to increase spending per customer by means including expansion of weather information premium services and establishment of an additional pay-for service in decorative e-mail services.

We also undertook operability improvement for *jibe*, the social networking address book application of Jibe Mobile Inc., which was acquired by the Company as a subsidiary, to boost convenience for subscribers, and took measures to reinforce linkage between *jibe* and the Company's services by means including the posting of music information and health-related information.

Net sales for the second quarter rose by 7.9% year on year to ¥8,379 million, supported by an increase of 0.40 million in the number of paying subscribers from March 31, 2010.

Gross profit rose sharply by 14.1% year on year to ¥6,424 million, as a result of the impact of the revenue increase and a decrease in the cost of sales ratio (a decrease to 23.3% from 27.5% in the previous second quarter) accompanying a decline in the number of music content downloads and higher contributions from health-related information and other services with low cost of sales ratios.

Operating income rose by 224.2% to ¥875 million, and ordinary income increased by 223.8% to ¥871 million. The increases are attributable to a significant increase in gross profit and the curbing of growth in selling, general and administrative expenses through the lowering of advertising and public relations resulting from emphasis on promotional efficiency in the provision of feature phone services.

Second quarter net income was ¥646 million, an increase of 336.2% compared with a year earlier, as the recording of extraordinary gain of ¥355 million and extraordinary losses of ¥61 million.

The MTI Group incurred no human loss or injury, or damage to facilities in the Great East Japan Earthquake of March 11.

For qualitative information on consolidated operating results for the first quarter of the year ending September 30, 2011, please refer to Consolidated Financial Results for the Three Months Ended December 31, 2010 (disclosed January 27, 2011).

<sup>1</sup> Feature phones are conventional mobile phones in Japan whose basic function is telephony, but are also equipped with cameras, one-segment broadcast reception, and other functions.

<sup>2</sup> Smartphones, such as iPhone and Android, are multifunctional terminals that have functions equivalent to a personal computer.

## Consolidated operating results (From January 1, 2011 to March 31, 2011)

(Millions of yen)

	Three months ended March 31, 2011	Three months ended March 31, 2010	Change	
			Amount	Percentage change
Net sales	8,379	7,763	616	7.9%
Gross profit	6,424	5,630	794	14.1%
Operating income	875	270	605	224.2%
Ordinary income	871	269	602	223.8%
Net income	646	148	497	336.2%

Note: Figures are rounded down to the nearest million yen.

## Consolidated operating results (From October 1, 2010 to March 31, 2011)

(Millions of yen)

	Six months ended March 31, 2011	Six months ended March 31, 2010	Change	
			Amount	Percentage change
Net sales	16,340	15,026	1,314	8.7%
Gross profit	12,348	10,853	1,495	13.8%
Operating income	1,777	667	1,109	166.2%
Ordinary income	1,766	665	1,101	165.5%
Net income	922	390	531	136.2%

Note: Figures are rounded down to the nearest million yen.

## (2) Qualitative Information on Consolidated Financial Position

### 1) Assets, liabilities, and net assets

Total assets as of March 31, 2011 were ¥14,927 million, a decrease of ¥163 million from September 30, 2010.

Current assets fell by ¥759 million, mainly due to a decrease in cash and deposits, despite an increase in accounts receivable-trade. Non-current assets rose by ¥595 million, mainly due to increases in goodwill and software.

Current liabilities fell by ¥766 million, primarily due to decreases in accrued income taxes and allowance for coin usage, despite an increase in accounts payable-trade. Non-current liabilities rose by ¥59 million, mainly due to an increase in other non-current liabilities (long-term accounts payable-other), despite a decrease in long-term borrowings.

Net assets increased by ¥543 million due to the recording of ¥922 million in net income, despite the payment of cash dividends.

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio	Net assets per share (Yen)
As of March 31, 2011	14,927	8,803	57.7%	64,447.08
As of September 30, 2010	15,091	8,259	54.0%	60,929.15

### 2) Consolidated cash flows

Cash and cash equivalents as of March 31, 2011 totaled ¥2,405 million, an increase of ¥171 million from December 31, 2010. Cash flows and factors affecting cash flows in the second quarter are as follows.

Net cash provided by operating activities was ¥682 million, compared with ¥280 million in the second quarter of the previous year. The principal cash inflow items were income before income taxes and depreciation and

amortization, which offset cash outflows due to decreases in allowance for coin usage and accounts payable-other.

Net cash used in investing activities was ¥460 million, compared with ¥235 million in the second quarter of the previous year, principally due to payments for the purchase of intangible fixed assets (mainly software).

Net cash used in financing activities was ¥49 million, compared with ¥148 million in the second quarter of the previous year, principally due to repayment of long-term borrowings.

(Millions of yen)				
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Three months ended March 31, 2011	682	(460)	(49)	2,405
Three months ended March 31, 2010	280	(235)	(148)	1,378
Year ended September 30, 2010	3,175	(1,004)	(604)	3,099

### (3) Qualitative Information on Forecast for Consolidated Financial Results

In the third quarter and beyond, we will continue efforts to increase the number of paying subscribers for content distribution services. We also plan to vigorously move ahead with activities to establish new growth businesses, notably smartphone services.

In feature phone services, to minimize the net decrease in the number of paying subscribers, we will conduct promotions with an emphasis on health-related information, while verifying cost effectiveness. In smartphone services, we will launch new services and proceed with efforts to retain subscribers using feature phones serviced by carriers and support for carrier billing, consider effective promotion methods, and work to increase the number of paying subscribers.

In health-related information, in March we launched two sister sites of *Luna-Luna: Umoo!*, a site for women who wish to become pregnant, and *hahaco*, a support site for expectant mothers and mothers caring for small children. By expanding services tailored to specific women's lifestages, we will work to increase the number of paying subscribers and bolster profitability for the health-related information category, which includes the two new services as well as for *Luna-Luna* and *Karada Medica*.

In addition, we will seek to increase spending per customer through expansion of weather information premium services and enhancement of additional pay-for services for fortune telling.

To establish new growth businesses, we will take measures to reinforce linkage between our existing sites and *jibe*, the social networking address book application of Jibe Mobile Inc., and utilize *jibe* as a new vehicle for promoting subscriptions to our smartphone services. At the same time, we will seek to increase awareness of *jibe*.

Consolidated earnings forecast figures for the fiscal year ending September 30, 2011 are unchanged from those announced on November 4, 2010.

#### Earnings forecast for the year ending September 30, 2011 (Announced November 4, 2010)

(From October 1, 2010 to September 30, 2011)

Consolidated basis		
Net sales	¥33,500 million	(Increase of 8.6% YoY)
Operating income	¥3,600 million	(Increase of 14.9% YoY)
Ordinary income	¥3,560 million	(Increase of 13.6% YoY)
Net income	¥2,100 million	(Increase of 15.1% YoY)

## 2 Others

### (1) Changes in Significant Subsidiaries (Change in Scope of Consolidation of Specified Subsidiaries)

None

With regard to changes in matters related to the scope of consolidation in the second quarter, Jibe Solutions, Inc. was newly included in the scope of consolidation. Since March 31, 2011 is the deemed acquisition date, only its Balance Sheet is included in the scope of consolidation in the second quarter under review.

### (2) Adoption of Simplified Accounting Methods and Specified Accounting Methods

(Simplified Accounting Methods)

Calculation Method of the Allowance for Doubtful Accounts for Ordinary Receivables

Since it is deemed that there is no significant difference between the loan loss ratio, etc. as of March 31, 2011 and those calculated as of September 30, 2010, the allowance for doubtful accounts has been calculated using the loan loss ratio, etc. as of September 30, 2010.

(Specified Accounting Methods Used in Preparing the Quarterly Consolidated Financial Statements)

None

### (3) Changes in Accounting Principles, Procedures, and Disclosures Methods

(Changes in Accounting Standards)

#### 1) Application of "Accounting Standard for Asset Retirement Obligations"

Beginning in the first quarter of the fiscal year ending September 30, 2011, the Company has applied "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008). As a result, operating income and ordinary income decreased by ¥3,249 thousand, and income before income taxes decreased by ¥31,071 thousand during six months ended March 31, 2011.

#### 2) Application of "Accounting Standard for Business Combinations" and others

Beginning in the first quarter of the fiscal year ending September 30, 2011, the Company has applied "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008).

(Change in Disclosures Methods)

(Consolidated Statements of Income)

Based on the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 December 26, 2008), the Company applies the "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Preparation of Financial Statements" (Cabinet Office Ordinance No.5, March 24, 2009). As a result, "Income before minority interests" is included in the consolidated financial statements for the six and three months ended March 31, 2011.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2011	As of September 30, 2010
ASSETS		
Current assets		
Cash and deposits	2,405,943	3,099,008
Accounts receivable-trade	8,044,617	7,669,115
Deferred tax assets	498,520	789,718
Other	478,745	647,752
Allowance for doubtful accounts	(314,698)	(333,355)
Total current assets	11,113,130	11,872,239
Non-current assets		
Tangible fixed assets	255,312	229,093
Intangible fixed assets		
Software	1,658,366	1,511,065
Goodwill	405,040	—
Other	16,491	11,439
Total intangible assets	2,079,898	1,522,504
Investments and other assets		
Investment securities	347,723	324,413
Leasehold deposits	464,109	594,264
Deferred tax assets	598,279	508,979
Other	79,843	50,298
Allowance for doubtful accounts	(10,405)	(10,402)
Total investments and other assets	1,479,550	1,467,553
Total non-current assets	3,814,761	3,219,151
Total assets	14,927,891	15,091,391

	(Thousands of yen)	
	As of March 31, 2011	As of September 30, 2010
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable-trade	2,215,096	1,979,920
Long-term borrowings due within one year	200,196	200,196
Accounts payable-other	1,428,496	1,359,546
Accrued income taxes	675,061	1,248,988
Allowance for coin usage	415,062	869,627
Other	587,094	629,230
Total current liabilities	5,521,008	6,287,509
Non-current liabilities		
Long-term borrowings	199,216	299,314
Reserve for retirement benefits	206,728	158,934
Negative goodwill	81,571	86,130
Other	116,322	141
Total non-current liabilities	603,839	544,520
Total liabilities	6,124,847	6,832,029
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	2,562,740	2,562,740
Capital surplus	3,072,920	3,072,920
Retained earnings	2,944,500	2,580,485
Treasury stock	—	(90,624)
Total shareholders' equity	8,580,161	8,125,522
Unrealized gain and translation adjustment		
Unrealized gain on available-for-sale securities	38,025	21,564
Translation adjustment	(2,386)	(1,590)
Total unrealized gain and translation adjustment	35,639	19,973
Stock acquisition rights	141,105	113,865
Minority interests	46,138	—
Total net assets	8,803,044	8,259,361
Total liabilities and net assets	14,927,891	15,091,391

## (2) Consolidated Statements of Income

For the six months ended March 31, 2010 and 2011

	(Thousands of yen)	
	Six months ended March 31, 2010	Six months ended March 31, 2011
Net sales	15,026,180	16,340,557
Cost of sales	4,172,866	3,991,883
Gross profit	10,853,313	12,348,673
Selling, general and administrative expenses	10,185,580	10,570,974
Operating income	667,733	1,777,699
Non-operating income		
Interest income	62	119
Amortization of negative goodwill	4,558	4,828
Equity in gain of affiliates	839	—
Gain on reversal of stock acquisition rights	—	2,247
Other	5,919	5,636
Total non-operating income	11,380	12,832
Non-operating expenses		
Interest expenses	9,008	7,652
Equity in loss of affiliates	—	5,330
Recovery expenses	—	7,644
Other	4,648	2,954
Total non-operating expenses	13,657	23,582
Ordinary income	665,457	1,766,949
Extraordinary gain		
Reversal of allowance for coin usage	—	355,205
Total extraordinary gain	—	355,205
Extraordinary losses		
Loss on retirement of non-current assets	30,380	40,238
Loss on devaluation of investment securities	—	75,413
Goodwill impairment loss	—	182,400
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27,821
Total extraordinary losses	30,380	325,874
Income before income taxes	635,076	1,796,280
Income taxes-current	301,915	689,980
Income taxes-deferred	(57,427)	190,599
Total income taxes	244,487	880,579
Income before minority interests	—	915,700
Minority interests in net income	—	(6,846)
Net income	390,588	922,547

For the three months ended March 31, 2010 and 2011

	(Thousands of yen)	
	Three months ended March 31, 2010	Three months ended March 31, 2011
Net sales	7,763,437	8,379,452
Cost of sales	2,132,861	1,954,459
Gross profit	5,630,575	6,424,992
Selling, general and administrative expenses	5,360,534	5,549,614
Operating income	270,041	875,377
Non-operating income		
Interest income	45	58
Amortization of negative goodwill	2,279	2,549
Equity in gain of affiliates	839	—
Other	2,366	2,860
Total non-operating income	5,531	5,468
Non-operating expenses		
Interest expenses	4,394	3,654
Equity in loss of affiliates	—	3,977
Other	2,125	2,088
Total non-operating expenses	6,519	9,720
Ordinary income	269,054	871,126
Extraordinary gain		
Reversal of allowance for coin usage	—	355,205
Total extraordinary gain	—	355,205
Extraordinary losses		
Loss on retirement of non-current assets	—	40,238
Goodwill impairment loss	—	21,303
Total extraordinary losses	—	61,541
Income before income taxes	269,054	1,164,789
Income taxes-current	246,616	492,132
Income taxes-deferred	(125,663)	33,475
Total income taxes	120,952	525,607
Income before minority interests	—	639,182
Minority interests in net income	—	(6,846)
Net income	148,101	646,028

### (3) Consolidated Statements of Cash Flows

For the six months ended March 31, 2010 and 2011

	(Thousands of yen)	
	Six months ended March 31, 2010	Six months ended March 31, 2011
Cash flows from operating activities		
Income before income taxes	635,076	1,796,280
Depreciation and amortization	467,981	539,521
Allowance for coin usage	100,228	(454,564)
Increase in reserve for retirement benefits	20,800	47,794
Interest and dividends income	(62)	(261)
Interest expenses	9,008	7,652
Loss on retirement of non-current assets	—	40,238
Loss on devaluation of investment securities	—	75,413
Goodwill impairment loss	—	182,400
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27,821
Increase in accounts receivable-trade	(885,988)	(323,821)
Increase in accounts payable-trade	225,653	231,338
Increase (decrease) in accounts payable-other	267,653	(102,065)
Other	329,329	94,115
Subtotal	<u>1,169,680</u>	<u>2,161,864</u>
Interest and dividends income received	62	261
Interest paid	(9,008)	(7,652)
Income taxes paid	(384,910)	(1,243,820)
Net cash provided by (used in) operating activities	<u>775,824</u>	<u>910,652</u>
Cash flows from investing activities		
Purchase of intangible fixed assets	(459,974)	(677,575)
Purchase of investment securities	—	(84,597)
Purchase of investment in subsidiaries resulting in change in the scope of consolidation	—	(414,829)
Proceeds from collection of leasehold deposits	—	140,744
Other	(9,058)	(49,948)
Net cash provided by (used in) investing activities	<u>(469,033)</u>	<u>(1,086,206)</u>
Cash flows from financing activities		
Repayment of long-term borrowings	(100,098)	(100,098)
Payment for acquisition of treasury stock	(99,587)	—
Dividends paid	(268,684)	(467,908)
Other	7,551	269
Net cash provided by (used in) financing activities	<u>(460,817)</u>	<u>(567,736)</u>
Effect of exchange rate change on cash and cash equivalents	—	(492)
Net increase (decrease) in cash and cash equivalents	<u>(154,026)</u>	<u>(743,782)</u>
Cash and cash equivalents at beginning of period	1,532,367	3,099,008
Increase in cash and cash equivalents from newly consolidated subsidiary	—	50,717
Cash and cash equivalents at end of period	<u>1,378,341</u>	<u>2,405,943</u>

For the three months ended March 31, 2010 and 2011

(Thousands of yen)

	Three months ended March 31, 2010	Three months ended March 31, 2011
Cash flows from operating activities		
Income before income taxes	269,054	1,164,789
Depreciation and amortization	232,015	281,369
Allowance for coin usage	50,580	(395,335)
Increase in reserve for retirement benefits	10,400	23,897
Interest and dividends income	(45)	(193)
Interest expenses	4,394	3,654
Loss on retirement of non-current assets	—	40,238
Goodwill impairment loss	—	21,303
Increase in accounts receivable-trade	(523,588)	(258,699)
Increase (decrease) in accounts payable-trade	58,288	(66,331)
Decrease in accounts payable-other	(9,578)	(261,606)
Other	191,462	132,077
Subtotal	282,982	685,164
Interest and dividends income received	45	193
Interest paid	(4,394)	(3,654)
Income taxes paid	1,683	538
Net cash provided by (used in) operating activities	280,317	682,241
Cash flows from investing activities		
Purchase of intangible fixed assets	(228,731)	(337,960)
Purchase of investment securities	—	(79,597)
Other	(6,485)	(42,492)
Net cash provided by (used in) investing activities	(235,217)	(460,050)
Cash flows from financing activities		
Repayment of long-term borrowings	(50,049)	(50,049)
Payment for acquisition of treasury stock	(99,587)	—
Other	1,328	269
Net cash provided by (used in) financing activities	(148,308)	(49,779)
Effect of exchange rate change on cash and cash equivalents	—	(492)
Net increase (decrease) in cash and cash equivalents	(103,207)	171,920
Cash and cash equivalents at beginning of period	1,481,549	2,234,023
Cash and cash equivalents at end of period	1,378,341	2,405,943

#### (4) Notes Concerning Going Concern Assumption

None

#### (5) Segment Information

Segment information by business category

For the three months ended March 31, 2010

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	7,666,255	97,181	7,763,437	—	7,763,437
(2) Inter-segment sales and transfers	4	38,380	38,384	(38,384)	—
Total	7,666,260	135,561	7,801,821	(38,384)	7,763,437
Operating income (loss)	420,057	(110,519)	309,537	(39,496)	270,041

Notes: Classification of business segments and principal products and services of each segment

1. Classification of business segments: Business segments have been classified based on contents and characteristics of services.
2. Major products and services of each business segment  
Content distribution business: Mobile content distribution (operation of official web sites), advertisement agency  
Mobile advertising business: Mobile content distribution (operation of public sites), advertisement agency

For the six months ended March 31, 2010

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	14,827,022	199,157	15,026,180	—	15,026,180
(2) Inter-segment sales and transfers	4	82,353	82,357	(82,357)	—
Total	14,827,027	281,510	15,108,538	(82,357)	15,026,180
Operating income (loss)	930,491	(185,356)	745,134	(77,400)	667,733

Notes: Classification of business segments and principal products and services of each segment

1. Classification of business segments: Business segments have been classified based on contents and characteristics of services.
2. Major products and services of each business segment  
Content distribution business: Mobile content distribution (operation of official web sites), advertisement agency  
Mobile advertising business: Mobile content distribution (operation of public sites), advertisement agency

#### Geographical segment information

For the three months and six months ended March 31, 2010

There is no applicable information because the Company has no major subsidiaries or branches in countries or regions outside Japan.

#### Overseas sales

For the three months and six months ended March 31, 2010

There is no applicable information because the Company has no overseas sales.

#### Segment Information

For the three months and six months ended March 31, 2011

The MTI provides mobile phone content distribution (site operation) and related services. Although previously the Company disclosed information by classifying operations into two segments, the content distribution business and the mobile advertising business, our major objective is not to independently operate the mobile advertising business as an advertising revenue-driven business, but for the mobile advertising business to perform the function of sending customers to the content distribution business (pay-per-use site). Since the two businesses are in a mutually complementary relationship, the Company allocates enterprise resources and evaluates business performance on a groupwide basis. Accordingly, only one business segment exists, and, as a result, such segment information has been omitted.

#### (Additional Information)

Beginning in the first quarter of the fiscal year ending September 30, 2011, the Company has applied "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008).

#### **(6) Notes on Significant Changes in Shareholders' Equity**

None