

Consolidated Financial Results for the Six Months Ended March 31, 2010

April 28, 2010

Company name:	MTI Ltd.
Stock code:	9438
Shares listed:	Jasdaq Securities Exchange
URL:	http://www.mti.co.jp
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Scheduled date of filing of Quarterly Report:	May 17, 2010
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, 2010 (From October 1, 2009 to March 31, 2010)

(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, 2010	15,026 (23.8%)	667 (-19.9%)	665 (-17.1%)	390 (-54.7%)
For the six months ended March 31, 2009	12,138 (—)	833 (—)	802 (—)	862 (—)

	Net income per share (Yen)	Net income per share-diluted (Yen)
For the six months ended March 31, 2010	2,907.89	2,891.00
For the six months ended March 31, 2009	6,415.90	6,377.69

(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, 2010	12,879	6,865	52.6%	50,624.11
As of September 30, 2009	12,557	6,807	53.7%	50,227.79

(Reference) Shareholders' equity

As of March 31, 2010: 6,774 million yen As of September 30, 2009: 6,747 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, 2009	—	0.00	—	2,000.00	2,000.00
For the year ending September 30, 2010	—	0.00	—	2,000.00	2,000.00
For the year ending September 30, 2010 (Forecast)			—	2,000.00	2,000.00

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

3. Consolidated Forecast for the Fiscal Year Ending September, 2010 (From October 1, 2009 to September 30, 2010)

(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, 2010	30,500 (18.5%)	3,000 (35.6%)	2,970 (36.4%)	1,720 (3.0%)	12,853.09

(Note) Revision of Consolidated forecast for during this period : Yes

4. Others

- (1) Changes in significant subsidiaries during the period
(including changes of specified subsidiaries resulting in change in scope of consolidation): None
Newly consolidated: None Excluded: None
- (2) Application of simplified accounting methods and specified accounting methods in preparing quarterly consolidated financial statements: Yes
Note: Details are shown at “Qualitative Analysis and Financial Statements 4.Others” on page 7
- (3) Changes in accounting principles, procedures, and disclosures methods for preparing quarterly consolidated financial statements
(which should be stated in Changes of Significant Items for Preparation of Quarterly Consolidated Financial Statements)
(i) Changes due to revision of accounting standards: None
(ii) Other changes: None
- (4) Number of shares issued (common stock)
- | | |
|-----------------------------------------------------------------------|----------------|
| (i) Number of shares issued at end of year (including treasury stock) | |
| As of March 31, 2010: | 134,418 shares |
| As of September 30, 2009: | 134,342 shares |
| (ii) Number of treasury stock at end of year | |
| As of March 31, 2010: | 598 shares |
| As of September 30, 2009: | — shares |
| (iii) Weighted average number of shares | |
| For six months ended March 31, 2010: | 134,320shares |
| For six months ended March 31, 2009: | 134,450shares |

* Explanations about the appropriate use of the performance forecasts and other noteworthy points

This report contains forward-looking statements on business performance based on the judgments, 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. See “Qualitative information, financial statements, etc.” for assumptions underlying the above forecasts and precautions regarding their use.

[Qualitative information, financial statements, etc.]

1. Qualitative information on consolidated operating results

(1) Overview for the three months ended March 31, 2010 (From January 1, 2010 to March 31, 2010)

We aggressively rolled out promotional activities to expand the paying subscriber base, mainly for content with growth potential such as health-related information and music. As a result, the number of paying subscribers in the content distribution business as of the end of March 2010 increased to 9.33 million, an increase of 0.71 million compared to the end of December 2009.

Net sales grew 22.5% year on year to ¥7,763 million, helped by the increase in paying subscribers. Gross profit was boosted significantly by 28.9% to ¥5,630 million, as a result of an increase in the percentage of content whose cost of sales ratio is low, such as health-related information and decorative e-mail services, and a decline in the cost of sales ratio in step with a reduction in music content downloads.

Both operating income and ordinary income saw a 52.4% year-on-year decrease to ¥270 million and ¥269 million, respectively, on account of a significant rise in selling, general and administrative expenses, notably in advertising and public relations because of aggressive promotional campaigns targeting health-related information and music content.

Net income for the second quarter under review dropped to ¥148 million, a decrease of 79.5% compared with a year earlier on account of a decrease in income before income taxes due to the aforementioned factors and a decrease in tax payments accompanying the completion of the merger with consolidated subsidiary comic.jp., inc. during the same period.

For qualitative information on consolidated operating results for the first quarter of the year ending September 30, 2010, please refer to our 'Consolidated Financial Results for the Three Months Ended December 31, 2009' (disclosed January 28, 2010).

Consolidated operating results (From January 1, 2010 to March 31, 2010)

(Millions of yen)

	Three months ended March 31, 2010	Three months ended March 31, 2009	Change	
			Amount	Percentage change
Net sales	7,763	6,339	1,423	22.5%
Gross profit	5,630	4,369	1,261	28.9%
Operating income	270	567	(297)	-52.4%
Ordinary income	269	565	(296)	-52.4%
Net income	148	721	(573)	-79.5%

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

Consolidated operating results (From October 1, 2009 to March 31, 2010)

(Millions of yen)

	Six months ended March 31, 2010	Six months ended March 31, 2009	Change	
			Amount	Percentage Change
Net sales	15,026	12,138	2,887	23.8%
Gross profit	10,853	8,271	2,581	31.2%
Operating income	667	833	(166)	-19.9%
Ordinary income	665	802	(136)	-17.1%
Net income	390	862	(472)	-54.7%

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

(2) Overview by business segment

1) Content distribution business

In the area of health-related information services, our proactive promotional activities, including the broadcast of highly cost-effective TV commercials, saw the number of paying subscribers expand steadily.

Regarding music content, through focusing our efforts on acquiring popular music tracks and developing various promotions, the number of paying subscribers expanded in the full-length song tracks (*Chaku-uta Full*), song ringtone (*Chaku-uta*) and ringtone melody (*Chaku mello*) services.

We also made further gains in the number of paying subscribers through successfully rolling out cost-effective promotional activities focusing on weather information.

As a result of the above, while the paying subscriber base as of the end of March 2010 soared to 9.33 million, an increase of 0.71 million compared to the end of December 2009, and net sales reached ¥7,666 million, up 23.4% from the same period a year earlier, operating income amounted to ¥420 million, down 38.0% from the same period a year earlier, on account of proactive investment in promotional activities.

2) Mobile advertising business

We made a concerted effort to stimulate use of services by registered members while minimizing losses accompanying the forward investment. As a result, the number of registered members as of the end of March 2010 reached 4.38 million, an increase of 60,000 compared to the end of December 2009. Net sales in this business amounted to ¥135 million, down 12.3% from a year earlier, with an operating loss of ¥110 million, compared with a loss of ¥90 million for the same period a year earlier.

Net sales by segment (consolidated basis) (From January 1, 2010 to March 31, 2010)

(Millions of yen)

	Three months ended March 31, 2010		Three months ended March 31, 2009		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Content distribution business	7,666	98.7%	6,210	98.0%	1,455	23.4%
Mobile advertising business	135	1.7%	154	2.4%	(19)	-12.3%
Total	7,763	100.0%	6,339	100.0%	1,423	22.5%

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

The above-listed total segment net sales include eliminations and corporate [2Q 2010: ¥(38) million; 2Q 2009: ¥(25) million].

Operating income by segment (consolidated basis) (From January 1, 2010 to March 31, 2010)

(Millions of yen)

	Three months ended March 31, 2010		Three months ended March 31, 2009		Change	
	Amount	Operating income ratio	Amount	Operating income ratio	Amount	Percentage change
Content distribution business	420	5.5%	677	10.9%	(257)	-38.0%
Mobile advertising business	(110)	-81.5%	(90)	-58.6%	(19)	—
Total	270	3.5%	567	9.0%	(297)	-52.4%

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

The above-listed total segment operating income includes eliminations and corporate [2Q 2010: ¥(39) million; 2Q 2009: ¥(19) million].

Net sales by segment (consolidated basis) (From October 1, 2009 to March 31, 2010)

(Millions of yen)

	Six months ended March 31, 2010		Six months ended March 31, 2009		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Content distribution business	14,827	98.7%	11,886	97.9%	2,940	24.7%
Mobile advertising business	281	1.9%	298	2.5%	(17)	-5.7%
Total	15,026	100.0%	12,138	100.0%	2,887	23.8%

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

The above-listed total segment net sales include eliminations and corporate [2Q 2010: ¥(82) million; 2Q 2009: ¥(46) million].

Operating income by segment (consolidated basis) (From October 1, 2009 to March 31, 2010)

(Millions of yen)

	Six months ended March 31, 2010		Six months ended March 31, 2009		Change	
	Amount	Operating income ratio	Amount	Operating income ratio	Amount	Percentage change
Content distribution business	930	6.3%	1,092	9.2%	(162)	-14.9%
Mobile advertising business	(185)	-65.8%	(219)	-73.4%	33	—
Total	667	4.4%	833	6.9%	(166)	-19.9%

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

The above-listed total segment operating income includes eliminations and corporate [2Q 2010: ¥(77) million; 2Q 2009: ¥(39) million].

2. Qualitative information on the consolidated financial position

(1) Assets, liabilities and net assets

Total assets as of March 31, 2010, amounted to ¥12,879 million, an increase of ¥321 million from the previous fiscal year-end.

With regard to assets, while there were decreases in other current assets (advances) and cash and deposits, current assets rose by ¥302 million, on account of an increase in accounts receivable-trade, and non-current assets increased by ¥19 million mainly due to an increase in deferred tax assets.

With regard to liabilities, current liabilities rose by ¥347 million primarily due to increases in accounts payable-other and accounts payable-trade, despite decreases in accrued income taxes and others, while non-current liabilities dropped by ¥83 million owing to a decrease in long-term borrowings.

Despite increases in dividend payments and treasury stock, net assets increased by ¥58 million. This was because net income of ¥390 million was added to net assets.

	Total assets (Millions of yen)	Net assets (Millions of yen)	Equity ratio	Net assets per share (yen)
As of March 31, 2010	12,879	6,865	52.6%	50,624.11
As of September 30, 2009	12,557	6,807	53.7%	50,227.79

(2) Consolidated cash flows

Cash and cash equivalents as of March 31, 2010, amounted to ¥1,378 million, a decrease of ¥103 million compared with December 31, 2009.

Cash flows, according to activity and the factors involved, for the second quarter under review are as follows:

Net cash provided by operating activities resulted in ¥280 million, compared with the inflow of ¥674 million for the same period a year earlier, due to cash inflows which included income before income taxes and depreciation, despite cash outflow from an increase in accounts receivable-trade.

Net cash used in investing activities amounted to ¥235 million, compared with ¥330 million for the same period a year earlier, primarily due to cash outflows including payments for purchase of intangible assets (mainly of software).

Net cash used in financing activities amounted to ¥148 million, compared with ¥166 million for the same period a year earlier, due to cash outflow factors such as acquisition of treasury stock.

(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, 2010	280	(235)	(148)	1,378
Three months ended March 31, 2009	674	(330)	(166)	1,144
The year ended September 30, 2009	1,740	(1,081)	(551)	1,532

3. Qualitative information on the consolidated forecast for the year ending September 30, 2010

We plan to continue channeling our management resources into the content distribution business so as to achieve the consolidated forecast for the year ending September 30, 2010.

In the second half of the term, mindful of the tendency towards a slowdown in the growth of paying subscribers compared to the first half, due to seasonal factors, etc., we will strive to make the content distribution business more profitable, and at the same time, implement promotional campaigns focused on improving efficiencies to expand the paying subscriber base.

Content distribution business

In the areas of health-related information and weather information which continue to show growth potential, we will work to further expand the paying subscriber base by planning sites that reflect customer needs and developing cost-effective promotional activities.

In the area of music content, with the entire market showing signs of maturity, we will carefully monitor the growth of the number of subscribers in the second half of the year. We will make a concerted effort to improve customers' satisfaction levels by acquiring popular music tracks and implementing campaigns, and maintain our numbers of paying subscribers.

In other content, we will verify cost-effectiveness more strictly and carefully select highly efficient fields for promotional activities.

Mobile advertising business

In the mobile advertising business segment, we will focus our efforts on stimulating use of our services by registered members and on strengthening the system infrastructure toward enhancing our media presence while continuing to control losses from forward investments such as promotional activities.

With regard to advertising revenues, since it is difficult to significantly boost such revenues at the moment, we will work to improve corporate profitability by establishing a new monetizing mechanism and expanding charged income by guiding free-site members onto fee-based MTI sites.

While the consolidated forecast for the fiscal year ending September 30, 2010, includes the upward revision of net sales from the forecast at the beginning of the term to take into account the progress during the first half of the year, income figures remain unchanged from those announced on November 4, 2009.

Revised consolidated forecast for the year ending September 30, 2010

(From October 1, 2009 to September 30, 2010)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income
Original forecast (A)	30,000	3,000	2,970	1,720
Revised forecast (B)	30,500	3,000	2,970	1,720
Change (B - A)	500	0	0	0
Percentage change	1.7%	0.0%	0.0%	0.0%
(Reference) The year ended September 30, 2009	25,732	2,213	2,177	1,669

4. Others

- (1) **Changes in significant subsidiaries during the period (including specified subsidiaries resulting in change in scope of consolidation)**

None

- (2) **Application of simplified accounting methods and specified accounting methods in preparing quarterly consolidated financial statements**

(Simplified accounting methods)

Calculation method for estimating doubtful accounts for general claims

Since it is clear that the historical data calculated on March 31, 2010, are largely unchanged compared with the end of the previous fiscal year, calculation of the estimated doubtful accounts is based on the data from the end of September 2009.

(Specified accounting methods in preparing quarterly consolidated financial statements)

None

- (3) **Changes in accounting principles, procedures, and disclosures methods for preparing quarterly consolidated financial statements**

None

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Thousands of yen)	
	As of March 31, 2010	As of September 30, 2009
ASSETS		
Current assets		
Cash and deposits	1,378,341	1,532,367
Accounts receivable—trade	7,619,655	6,733,666
Supplies	3,804	6,336
Deferred tax assets	660,579	658,367
Other	391,142	769,895
Allowance for doubtful accounts	(390,850)	(340,726)
Total current assets	9,662,672	9,359,907
Non-current assets		
Tangible fixed assets	199,530	213,468
Intangible fixed assets		
Software	1,319,242	1,338,488
Other	8,537	6,765
Total intangible fixed assets	1,327,780	1,345,253
Investments and other assets		
Investment securities	583,064	594,702
Leasehold deposits	593,512	593,512
Deferred tax assets	478,214	420,902
Other	47,737	39,530
Allowance for doubtful accounts	(13,260)	(9,860)
Total investments and other assets	1,689,268	1,638,787
Total non-current assets	3,216,579	3,197,509
Total assets	12,879,252	12,557,417

(Thousands of yen)

	As of March 31, 2010	As of September 30, 2009
LIABILITIES		
Current liabilities		
Accounts payable—trade	2,199,976	1,974,322
Long-term borrowings due within one year	200,196	200,196
Accounts payable—other	1,390,650	1,123,063
Accrued income taxes	331,818	432,006
Allowance for coin usage	903,293	803,064
Other	356,373	502,374
Total current liabilities	5,382,308	5,035,027
Non-current liabilities		
Long-term borrowings	399,412	499,510
Reserve for retirement benefits	141,209	120,409
Negative goodwill	90,689	95,248
Other	141	141
Total non-current liabilities	631,452	715,309
Total liabilities	6,013,761	5,750,336
NET ASSETS		
Shareholders' equity		
Common stock	2,539,168	2,535,392
Capital surplus	3,049,348	3,045,573
Retained earnings	1,245,744	1,123,839
Treasury stock	(99,587)	—
Total shareholders' equity	6,734,674	6,704,805
Unrealized gain (loss) and translation adjustment		
Unrealized gain (loss) on available-for-sale securities	39,843	42,897
Total unrealized gain (loss) and translation adjustment	39,843	42,897
Stock acquisition rights	90,972	59,377
Total net assets	6,865,490	6,807,080
Total liabilities and net assets	12,879,252	12,557,417

(2) Consolidated Statements of income

For the six months ended March 31, 2009 and 2010

(Thousands of yen)

	Six months ended March 31, 2009	Six months ended March 31, 2010
Net sales	12,138,682	15,026,180
Cost of sales	3,867,250	4,172,866
Gross profit	8,271,432	10,853,313
Selling, general and administrative expenses	7,437,551	10,185,580
Operating income	833,881	667,733
Non-operating income		
Interest income	517	62
Amortization of negative goodwill	4,558	4,558
Gain on equity investments in affiliates	—	839
Other	3,319	5,919
Total non-operating income	8,396	11,380
Non-operating expenses		
Interest expense	10,797	9,008
Loss on equity investments in affiliates	1,923	—
Consumption taxes adjustment	24,229	—
Other	2,958	4,648
Total non-operating expenses	39,908	13,657
Ordinary income	802,368	665,457
Extraordinary gains		
Reversal of allowance for doubtful accounts	1,596	—
Other	6	—
Total extraordinary gains	1,602	—
Extraordinary losses		
Loss on disposal of fixed assets	77,590	30,380
Valuation loss on investment securities	19,144	—
Loss on sales of shares in affiliated companies	3,503	—
Retirement benefit expenses	89,116	—
Expenses for content-related information	104,317	—
Total extraordinary losses	293,673	30,380
Income before income taxes	510,298	635,076
Income taxes—current	37,542	301,915
Income taxes—deferred	(389,865)	(57,427)
Total income taxes	(352,323)	244,487
Net income	862,621	390,588

For the three months ended March 31, 2009 and 2010

(Thousands of yen)

	Three months ended March 31, 2009	Three months ended March 31, 2010
Net sales	6,339,723	7,763,437
Cost of sales	1,970,291	2,132,861
Gross profit	4,369,431	5,630,575
Selling, general and administrative expenses	3,801,760	5,360,534
Operating income	567,671	270,041
Non-operating income		
Interest income	219	45
Amortization of negative goodwill	2,279	2,279
Gain on equity investments in affiliates	—	839
Other	1,890	2,366
Total non-operating income	4,389	5,531
Non-operating expenses		
Interest expense	5,379	4,394
Loss on equity investments in affiliates	235	—
Other	1,369	2,125
Total non-operating expenses	6,985	6,519
Ordinary income	565,075	269,054
Extraordinary gains		
Reversal of allowance for doubtful accounts	1,596	—
Expenses for content-related information	35,209	—
Total extraordinary gains	36,806	—
Extraordinary losses		
Loss on disposal of fixed assets	77,590	—
Valuation loss on investment securities	19,144	—
Total extraordinary losses	96,735	—
Income before income taxes	505,146	269,054
Income taxes—current	34,857	246,616
Income taxes—deferred	(251,446)	(125,663)
Total income taxes	(216,589)	120,952
Net income	721,735	148,101

(3) Consolidated Statements of Cash Flows

For the six months ended March 31, 2009 and 2010

(Thousands of yen)

	Six months ended March 31, 2009	Six months ended March 31, 2010
Cash flows from operating activities		
Income before income taxes	510,298	635,076
Depreciation and amortization	421,434	467,981
Increase in reserve for retirement benefits	103,752	20,800
Interest and dividend income	(517)	(62)
Allowance for coin usage	147,709	100,228
Increase in accounts receivable—trade	(782,693)	(885,988)
Increase in notes and accounts payable—trade	592,468	225,653
Increase in accounts payable—other	277,686	267,653
Other	176,841	338,338
Subtotal	1,446,980	1,169,680
Interest and dividends income received	517	62
Interest paid	(10,797)	(9,008)
Income taxes paid	(740,804)	(384,910)
Net cash provided by (used in) operating activities	695,896	775,824
Cash flows from investing activities		
Purchase of intangible fixed assets	(588,318)	(459,974)
Proceeds from sales of stocks of subsidiaries and affiliates	216,000	—
Other	(102,822)	(9,058)
Net cash provided by (used in) investing activities	(475,140)	(469,033)
Cash flows from financing activities		
Payment for acquisition of treasury stock	(223,985)	(99,587)
Dividends paid	(135,687)	(268,684)
Other	(140,308)	(92,546)
Net cash provided by (used in) financing activities	(499,981)	(460,817)
Net increase (decrease) in cash and cash equivalents	(279,225)	(154,026)
Cash and cash equivalents at beginning of the period	1,442,113	1,532,367
Decrease resulting from exclusion of subsidiaries from scope of consolidation	(18,217)	—
Cash and cash equivalents at end of the period	1,144,670	1,378,341

For the three months ended March 31, 2009 and 2010

	(Thousands of yen)	
	Three months ended March 31, 2009	Three months ended March 31, 2010
Cash flows from operating activities		
Income before income taxes	505,146	269,054
Depreciation and amortization	216,214	232,015
Increase in reserve for retirement benefits	7,317	10,400
Interest and dividend income	(219)	(45)
Allowance for coin usage	76,642	50,580
Increase in accounts receivable—trade	(532,742)	(523,588)
Increase in notes and accounts payable—trade	126,639	58,288
Increase in accounts payable—other	175,463	(9,578)
Other	95,386	195,856
Subtotal	669,849	282,982
Interest and dividends income received	199	45
Interest paid	(5,339)	(4,394)
Income taxes paid	10,157	1,683
Net cash provided by (used in) operating activities	674,867	280,317
Cash flows from investing activities		
Purchase of intangible fixed assets	(330,108)	(228,731)
Other	(328)	(6,485)
Net cash provided by (used in) investing activities	(330,436)	(235,217)
Cash flows from financing activities		
Payment for acquisition of treasury stock	(69,109)	(99,587)
Other	(97,213)	(48,721)
Net cash provided by (used in) financing activities	(166,323)	(148,308)
Net increase (decrease) in cash and cash equivalents	178,107	(103,207)
Cash and cash equivalents at beginning of the period	966,563	1,481,549
Cash and cash equivalents at end of the period	1,144,670	1,378,341

(4) Notes Concerning Going Concern Assumption
For the six months ended March 31, 2010

None

(5) Segment Information

Segment information by business category

For the six months ended March 31, 2009

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	11,886,307	252,375	12,138,682	—	12,138,682
(2) Inter-segment sales and transfers	—	46,218	46,218	(46,218)	—
Total	11,886,307	298,593	12,184,901	(46,218)	12,138,682
Operating income (loss)	1,092,822	(219,057)	873,765	(39,884)	833,881

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

For the three months ended March 31, 2009

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	6,210,744	128,978	6,339,723	—	6,339,723
(2) Inter-segment sales and transfers	—	25,682	25,682	(25,682)	—
Total	6,210,744	154,660	6,365,405	(25,682)	6,339,723
Operating income (loss)	677,682	(90,704)	586,978	(19,307)	567,671

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

Geographical segment information

For the three months and six months ended March 31, 2009 and 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, 2009 and 2010

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

(6) Notes on Significant Changes in Shareholders' Equity

For the six months ended March 31, 2010

None