

## Consolidated Financial Results for the Nine Months Ended June 30, 2010

July 29, 2010

Company name:	MTI Ltd.
Stock code:	9438
Shares listed:	Jasdaq Securities Exchange
URL:	<a href="http://www.mti.co.jp">http://www.mti.co.jp</a>
Representative:	Toshihiro Maeta, President and Chief Executive Officer
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Scheduled date of filing of Quarterly Report:	August 16, 2010
Scheduled date of start of dividend payment:	—

(Figures less than one million yen are omitted)

### 1. Consolidated Financial Results for the Nine Months Ended June 30, 2010 (From October 1, 2009 to June 30, 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 nine months ended June 30, 2010	22,908 (22.1%)	1,946 (12.8%)	1,948 (15.2%)	1,117 (-18.2%)
For the nine months ended June 30, 2009	18,760 (—)	1,725 (—)	1,691 (—)	1,367 (—)

	Net income per share (Yen)	Net income per share-diluted (Yen)
For the nine months ended June 30, 2010	8,337.63	8,295.82
For the nine months ended June 30, 2009	10,186.35	10,113.73

#### (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 June 30, 2010	13,616	7,505	54.4%	55,569.69
As of September 30, 2009	12,557	6,807	53.7%	50,227.79

(Reference) Shareholders' equity

As of June 30, 2010: 7,400 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	—		
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%)	12,914.85

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

4. Others

Please refer to page 7 Others for details.

(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: None

(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 June 30, 2010	133,880 shares	As of September 30, 2009	134,342 shares
As of June 30, 2010	700 shares	As of September 30, 2009	— shares
For the nine months ended June 30, 2010	134,070 shares	For the nine months ended June 30, 2009	134,202shares

(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 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. Please refer to P.6-7 "Qualitative Information on Consolidated Forecast" of the Attachment for the assumptions used and other notes

## 1. Qualitative information on results for third quarter under review

### (1) Qualitative information on consolidated operating results

#### 1) Overview for the three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)

During the third quarter, we focused our efforts on expanding profit by controlling expenses, particularly advertising and public relations expenses. We conducted promotional activities that concentrated on efficiency in areas that are highly cost-effective such as health-related information and weather information. However, as a result of cuts in advertising spending, our paying subscriber base fell to 9.31 million as of the end of June 2010, a decrease of 20,000 compared to the end of March 2010.

Net sales rose 19.0% year on year to ¥7,882 million, supported by an increase of 1.78 million in paying subscribers. Gross profit grew sharply by 23.2% year on year to ¥5,762 million, as a result of higher sales and a decline in the cost of sales ratio in step with an increase in the percentage of content whose cost of sales ratio is low, such as health-related information and decorative e-mails service.

Operating income rose 43.4% year on year to ¥1,279 million and ordinary income increased 44.3% to ¥1,282 million. The growth was on account of a the significant rise in gross profit, which offset the year-on-year increases in various expenses such as advertising and public relations, charges paid and personnel included under selling, general and administrative expenses.

Net income for the third quarter under review grew to ¥727 million, an increase of 44.2% compared with a year earlier on account of an increase in income before income taxes, despite incurring an extraordinary loss of ¥75 million.

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

#### Consolidated operating results (From April 1, 2010 to June 30, 2010)

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Change	
			Amount	Percentage change
Net sales	7,882	6,621	1,260	19.0%
Gross profit	5,762	4,676	1,085	23.2%
Operating income	1,279	892	387	43.4%
Ordinary income	1,282	888	393	44.3%
Net income	727	504	222	44.2%

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

#### Consolidated operating results (From October 1, 2009 to June 30, 2010)

(Millions of yen)

	Nine months ended June 30, 2010	Nine months ended June 30, 2009	Change	
			Amount	Percentage change
Net sales	22,908	18,760	4,147	22.1%
Gross profit	16,615	12,948	3,667	28.3%
Operating income	1,946	1,725	220	12.8%
Ordinary income	1,948	1,691	257	15.2%
Net income	1,117	1,367	(249)	-18.2%

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

## 2) Overview by business segment

### Content distribution business

In the area of health-related information services, number of paying subscribers expanded steadily, as a result of our potential activities, particularly the broadcast of highly cost-effective TV commercials. The number of paying subscribers for weather information also expanded on the back of efficient promotion activities.

However, as a result of our focus on profit growth and restraint in advertising and public relations expenses spending, paying subscribers for music content and decorative e-mail dropped to 9.31 million as of the end of June 2010, a decrease of 20,000 compared to the end of March 2010.

Net sales reached ¥7,805 million, up 19.9% from the same period a year earlier, and operating income amounted to ¥1,380 million, up 38.3% from the same period a year earlier.

### 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 June 2010 reached 4.41 million, an increase of 30,000 compared to the end of March 2010. Net sales in this business amounted to ¥126 million, down 1.2% from a year earlier, with an operating loss of ¥64 million, compared with a loss of ¥87 million for the same period a year earlier.

#### Net sales by segment (consolidated basis) (From April 1, 2010 to June 30, 2010)

(Millions of yen)

	Three months ended June 30, 2010		Three months ended June 30, 2009		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Content distribution business	7,805	99.0%	6,511	98.3%	1,293	19.9%
Mobile advertising business	126	1.6%	128	1.9%	(1)	-1.2%
Total	7,882	100.0%	6,621	100.0%	1,260	19.0%

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

The above-listed total segment net sales include eliminations and corporate  
[3Q 2010: ¥(49) million; 3Q 2009: ¥(17) million].

#### Operating income by segment (consolidated basis) (From April 1, 2010 to June 30, 2010)

(Millions of yen)

	Three months ended June 30, 2010		Three months ended June 30, 2009		Change	
	Amount	Operating income ratio	Amount	Operating income ratio	Amount	Percentage change
Content distribution business	1,380	17.7%	998	15.3%	382	38.3%
Mobile advertising business	(64)	-50.6%	(87)	-68.0%	23	—
Total	1,279	16.2%	892	13.5%	387	43.4%

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

The above-listed total segment operating income given in the above table includes eliminations and corporate  
[3Q 2010: ¥(37) million; 3Q 2009: ¥(19) million].

**Net sales by segment (consolidated basis) (From October 1, 2009 to June 30, 2010)**

(Millions of yen)

	Nine months ended June 30, 2010		Nine months ended June 30, 2009		Change	
	Amount	Composition ratio	Amount	Composition ratio	Amount	Percentage change
Content distribution business	22,632	98.8%	18,397	98.1%	4,234	23.0%
Mobile advertising business	408	1.8%	426	2.3%	(18)	-4.4%
<b>Total</b>	<b>22,908</b>	<b>100.0%</b>	<b>18,760</b>	<b>100.0%</b>	<b>4,147</b>	<b>22.1%</b>

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

The above-listed total segment net sales include eliminations and corporate

[3Q 2010: ¥(132) million; 3Q 2009: ¥(64) million].

**Operating income by segment (consolidated basis) (From October 1, 2009 to June 30, 2010)**

(Millions of yen)

	Nine months ended June 30, 2010		Nine months ended June 30, 2009		Change	
	Amount	Operating income ratio	Amount	Operating income ratio	Amount	Percentage change
Content distribution business	2,311	10.2%	2,091	11.4%	219	10.5%
Mobile advertising business	(249)	-61.1%	(306)	-71.8%	56	—
<b>Total</b>	<b>1,946</b>	<b>8.5%</b>	<b>1,725</b>	<b>9.2%</b>	<b>220</b>	<b>12.8%</b>

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

The above-listed total segment operating income includes eliminations and corporate

[3Q 2010: ¥(114) million; 3Q 2009: ¥(59) million].

**(2) Qualitative information on consolidated financial position**

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

Total assets as of June 30, 2010, amounted to ¥13,616 million, an increase of ¥1,058 million from the previous fiscal year-end.

With regard to assets, while there were decreases in other current assets (advances), current assets rose by ¥923 million, on account of increases in accounts receivable–trade and cash and deposits. Non-current assets increased by ¥135 million mainly due increases in software and deferred tax assets.

With regard to liabilities, current liabilities grew ¥488 million primarily due to increases in accounts payable–trade and accrued income taxes, despite decreases in other current liabilities, while non-current liabilities dropped by ¥127 million owing to a decrease in long-term borrowings.

Despite increases in dividends payments and treasury stock, net assets increased ¥698 million. This was because net income of ¥1,117 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 June 30, 2010	13,616	7,505	54.4%	55,569.69
As of September 30, 2009	12,557	6,807	53.7%	50,227.79

## 2) Consolidated cash flows

Cash and cash equivalents as of June 30, 2010, amounted to ¥1,896 million, an increase of ¥517 million compared to March 31, 2010.

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

Net cash provided by operating activities resulted in ¥1,021 million, compared with ¥401 million for the same period a year earlier, due to cash inflows which included income before income taxes and depreciation and amortization, despite cash outflows which included income taxes paid and a decrease in accounts payable—other.

Net cash used in investing activities amounted to ¥367 million, compared with ¥291 million for the same period a year earlier, primarily due to cash outflows including payment for purchase of intangible fixed assets (mainly of software).

Net cash used for financing activities amounted to ¥135 million, compared with ¥38 million for the same period a year earlier, due to of 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 June 30, 2010	1,021	(367)	(135)	1,896
Three months ended June 30, 2009	401	(291)	(38)	1,216
The year ended September 30, 2009	1,740	(1,081)	(551)	1,532

## (3) Qualitative information on consolidated forecast for the year ending September 30, 2010

No revisions were made from the consolidated forecast for the fiscal year ending September 30, 2010, announced on April 28, 2010.

We will undertake the following initiatives to achieve the forecast for the full fiscal year.

### 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 with planning sites that reflect customer needs and developing cost-effective promotional activities.

In the area of music content, with the entire market is showing signs of maturity, we will carefully monitor the growth of the number of subscribers. We will make a concerted effort to improve customer's satisfaction levels by acquiring popular music tracks and implementing campaigns.

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

In July, we launched content services for smartphones that provides our core contents on health-related information and music tracks. We are working to adapt other content to smartphones and build a new earnings model similar to our proprietary member authentication and payment service “mopita”.

### 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 the 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 mechanism to generate revenue and expanding changed income by guiding free-site members to our fee-based sites.

## Full-Year Operating Results Forecast for the Year Ending September 30, 2010

(October 1, 2009 to September 30, 2010)

Consolidated basis		
Net sales	¥30,500 million	(18.5% increase year on year)
Operating income	¥3,000 million	(35.6% increase year on year)
Ordinary income	¥2,970 million	(36.4% increase year on year)
Net income	¥1,720 million	(3.0% increase year on year)

## 2. Others

### (1) Changes in significant subsidiaries during the period

None

### (2) Application of simplified accounting methods and specified accounting methods

(Simplified accounting methods)

Calculation method for estimating doubtful accounts for general claims

Since it is clear that the historical data calculated on June 30, 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

None

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of June 30, 2010	As of September 30, 2009
<b>ASSETS</b>		
Current assets		
Cash and deposits	1,896,058	1,532,367
Accounts receivable—trade	7,638,217	6,733,666
Supplies	6,171	6,336
Deferred tax assets	670,858	658,367
Other	426,976	769,895
Allowance for doubtful accounts	(354,731)	(340,726)
Total current assets	10,283,551	9,359,907
Non-current assets		
Tangible fixed assets	220,039	213,468
Intangible fixed assets		
Software	1,419,029	1,338,488
Other	10,601	6,765
Total intangible fixed assets	1,429,630	1,345,253
Investments and other assets		
Investment securities	557,896	594,702
Leasehold deposits	593,512	593,512
Deferred tax assets	498,338	420,902
Other	46,761	39,530
Allowance for doubtful accounts	(13,531)	(9,860)
Total investments and other assets	1,682,978	1,638,787
Total non-current assets	3,332,648	3,197,509
Total assets	13,616,200	12,557,417



	As of June 30, 2010	As of September 30, 2009
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable—trade	2,175,619	1,974,322
Long-term borrowings due within one year	200,196	200,196
Accounts payable—other	1,279,354	1,123,063
Accrued income taxes	617,232	432,006
Provision for bonuses	145,722	—
Allowance for coin usage	875,828	803,064
Other	229,306	502,374
Total current liabilities	5,523,260	5,035,027
Non-current liabilities		
Long-term borrowings	349,363	499,510
Reserve for retirement benefits	149,610	120,409
Negative goodwill	88,410	95,248
Other	141	141
Total non-current liabilities	587,524	715,309
Total liabilities	6,110,784	5,750,336
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	2,541,658	2,535,392
Capital surplus	3,051,838	3,045,573
Retained earnings	1,873,399	1,123,839
Treasury stock	(90,624)	—
Total shareholders' equity	7,376,272	6,704,805
Unrealized gain (loss) and translation adjustment		
Unrealized gain (loss) on available-for-sale securities	24,498	42,897
Total unrealized gain (loss) and translation adjustment	24,498	42,897
Stock acquisition rights	104,644	59,377
Total net assets	7,505,415	6,807,080
Total liabilities and net assets	13,616,200	12,557,417

**(2) Consolidated Statements of income**

For the nine months ended June 30, 2009 and 2010

(Thousands of yen)

	Nine months ended June 30, 2009	Nine months ended June 30, 2010
Net sales	18,760,522	22,908,376
Cost of sales	5,812,348	6,292,943
Gross profit	12,948,174	16,615,432
Selling, general and administrative expenses	11,222,186	14,668,541
Operating income	1,725,987	1,946,891
Non-operating income		
Interest income	397	67
Dividends income	3,098	3,683
Amortization of negative goodwill	6,838	6,838
Gain on equity investments in affiliates	—	427
Other	4,847	8,938
Total non-operating income	15,182	19,954
Non-operating expenses		
Interest expense	15,745	13,263
Loss on equity investments in affiliates	596	—
Consumption taxes adjustment	24,229	—
Other	9,507	5,431
Total non-operating expenses	50,079	18,695
Ordinary income	1,691,091	1,948,151
Extraordinary gains		
Reversal of allowance for doubtful accounts	2,864	—
Other	6	—
Total extraordinary gains	2,871	—
Extraordinary losses		
Loss on disposal of fixed assets	77,590	50,498
Loss on cancellation of lease contracts	—	55,768
Valuation loss on investment securities	19,185	—
Loss on sales of shares in affiliated companies	3,503	—
Retirement benefit expenses	89,116	—
Expenses for content-related information	109,245	—
Total extraordinary losses	298,640	106,266
Income before income taxes	1,395,321	1,841,884
Income taxes—current	234,093	801,352
Income taxes—deferred	(205,811)	(77,299)
Total income taxes	28,282	724,053
Net income	1,367,039	1,117,831

For the three months ended June 30, 2009 and 2010

(Thousands of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	6,621,839	7,882,195
Cost of sales	1,945,097	2,120,076
Gross profit	4,676,741	5,762,119
Selling, general and administrative expenses	3,784,635	4,482,961
Operating income	892,106	1,279,157
Non-operating income		
Interest income	5	10
Dividends income	2,973	3,677
Amortization of negative goodwill	2,279	2,279
Other	2,866	3,018
Total non-operating income	8,124	8,986
Non-operating expenses		
Interest expense	4,948	4,255
Other	6,560	1,194
Total non-operating expenses	11,508	5,449
Ordinary income	888,722	1,282,694
Extraordinary gains		
Reversal of allowance for doubtful accounts	1,268	—
Total extraordinary gains	1,268	—
Extraordinary losses		
Loss on disposal of fixed assets	—	20,117
Loss on cancellation of lease contracts	—	55,768
Valuation loss on investment securities	40	—
Expenses for content-related information	4,927	—
Total extraordinary losses	4,967	75,885
Income before income taxes	885,022	1,206,808
Income taxes—current	196,551	499,437
Income taxes—deferred	184,053	(19,871)
Total income taxes	380,605	479,565
Net income	504,417	727,242

### (3) Consolidated Statements of Cash Flows

For the nine months ended June 30, 2009 and 2010

(Thousands of yen)

	Nine months ended June 30, 2009	Nine months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes	1,395,321	1,841,884
Depreciation and amortization	642,317	690,097
Increase in reserve for retirement benefits	111,070	29,200
Interest and dividend income	(3,496)	(3,750)
Allowance for coin usage	76,888	72,763
Increase in accounts receivable—trade	(1,025,011)	(904,551)
Increase in accounts payable—trade	475,106	201,296
Increase in accounts payable—other	251,793	156,361
Other	(22,821)	334,153
Subtotal	1,901,166	2,417,456
Interest and dividends income received	3,496	3,750
Interest paid	(15,745)	(13,263)
Income taxes paid	(791,826)	(611,097)
Net cash provided by (used in) operating activities	1,097,090	1,796,845
Cash flows from investing activities		
Purchase of intangible fixed assets	(927,170)	(793,546)
Proceeds from sales of stocks of subsidiaries and affiliates	216,000	—
Other	(55,706)	(43,097)
Net cash provided by (used in) investing activities	(766,876)	(836,643)
Cash flows from financing activities		
Repayments of long-term borrowings	(150,147)	(150,147)
Payment for acquisition of treasury stock	(223,985)	(190,211)
Dividends paid	(135,687)	(268,684)
Other	(28,285)	12,531
Net cash provided by (used in) financing activities	(538,105)	(596,510)
Net increase (decrease) in cash and cash equivalents	(207,890)	363,690
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	1,216,005	1,896,058

For the three months ended June 30, 2009 and 2010

(Thousands of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Cash flows from operating activities		
Income before income taxes	885,022	1,206,808
Depreciation and amortization	220,882	222,116
Increase in reserve for retirement benefits	7,317	8,400
Interest and dividend income	(2,978)	(3,687)
Allowance for coin usage	(70,821)	(27,464)
Increase in accounts receivable—trade	(242,318)	(18,562)
Decrease in accounts payable—trade	(117,361)	(24,357)
Decrease in accounts payable—other	(25,893)	(111,291)
Other	(199,663)	(4,184)
Subtotal	454,186	1,247,776
Interest and dividends income received	2,978	3,687
Interest paid	(4,948)	(4,255)
Income taxes paid	(51,022)	(226,187)
Net cash provided by (used in) operating activities	401,194	1,021,021
Cash flows from investing activities		
Purchase of intangible fixed assets	(338,851)	(333,572)
Other	47,115	(34,038)
Net cash provided by (used in) investing activities	(291,735)	(367,610)
Cash flows from financing activities		
Repayments of long-term borrowings	(50,049)	(50,049)
Payment for acquisition of treasury stock	—	(90,624)
Other	11,924	4,980
Net cash provided by (used in) financing activities	(38,124)	(135,693)
Net increase in cash and cash equivalents	71,334	517,716
Cash and cash equivalents at beginning of the period	1,144,670	1,378,341
Cash and cash equivalents at end of the period	1,216,005	1,896,058

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

For the nine months ended June 30, 2010

None

#### (5) Segment Information

Segment information by business category

For the nine months ended June 30, 2009

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	18,397,980	362,541	18,760,522	—	18,760,522
(2) Inter-segment sales and transfers	—	64,144	64,144	(64,144)	—
Total	18,397,980	426,686	18,824,666	(64,144)	18,760,522
Operating income (loss)	2,091,257	(306,210)	1,785,046	(59,059)	1,725,987

For the nine months ended June 30, 2010

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	22,628,024	280,351	22,908,376	—	22,908,376
(2) Inter-segment sales and transfers	4,496	127,678	132,175	(132,175)	—
Total	22,632,521	408,029	23,040,551	(132,175)	22,908,376
Operating income (loss)	2,311,179	(249,361)	2,061,818	(114,927)	1,946,891

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 June 30, 2009

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	6,511,673	110,166	6,621,839	—	6,621,839
(2) Inter-segment sales and transfers	—	17,926	17,926	(17,926)	—
Total	6,511,673	128,092	6,639,765	(17,926)	6,621,839
Operating income (loss)	998,434	(87,153)	911,281	(19,174)	892,106

For the three months ended June 30, 2010

(Thousands of yen)

	Content distribution business	Mobile advertising business	Total	Eliminations and corporate	Consolidated
Net sales					
(1) Sales to external customers	7,801,001	81,193	7,882,195	—	7,882,195
(2) Inter-segment sales and transfers	4,492	45,325	49,817	(49,817)	—
Total	7,805,494	126,518	7,932,013	(49,817)	7,882,195
Operating income (loss)	1,380,688	(64,004)	1,316,684	(37,526)	1,279,157

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 nine months ended June 30, 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 nine months ended June 30, 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 nine months ended June 30, 2010

None

## (7) Other notes

(Significant subsequent event)

Sale of shares in significant subsidiaries or other entities

### 1. Summary and reason

At the board of directors meeting held on June 24, 2010, a resolution was adopted to sell all the company's shares in an equity-method subsidiary i2ts, inc. to Marubeni Corporation, and the transaction was completed on July 29, 2010.

We worked with i2ts, a total services provider for Internet data centers, in an effort to expand both businesses through various initiatives such as usage of data centers for distributing content. The decision to sell the company's shares was based on the view that the sale would have a positive effect on i2ts's in terms of boosting its enterprise value.

### 2. Name of company purchasing the shares

Marubeni Corporation

### 3. Date of sale

July 29, 2010

### 4. Name of subsidiary, main businesses, and nature of business with MTI.

- |                                 |   |
|---------------------------------|---|
| (1) Company name                | i2ts inc.   |
| (2) Main businesses             | Planning, design, operation, and management of computers and networks |
| (3) Nature of business with MTI | Operation and management of computers and networks                    |

### 5. Number of shares sold, selling price, gain/loss on sale, and stake in company after sale

- |                                 |              |
|---------------------------------|--------------|
| (1) Number of shares sold       | 4,724 shares |
| (2) Selling price               | ¥236 million |
| (3) Gain on sale                | ¥103 million |
| (4) Stake in company after sale | -%           |