

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: <http://www.mti.co.jp>
 Representative: Toshihiro Maeta, President and Chief Executive Officer
 For further information please contact: Hiroshi Matsumoto, Director, Corporate Support Division
 TEL: +81-3-5333-6323
 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 | | | |
| For the year ending September 30, 2011(Forecast) | | | — | 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 phones¹, 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 smartphones², 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).

¹ 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.

² 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.

| | 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 |
| LIABILITIES | | |
| 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 |
| NET ASSETS | | |
| 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 | 1,169,680 | 2,161,864 |
| 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 | 775,824 | 910,652 |
| 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 | (469,033) | (1,086,206) |
| 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 | (460,817) | (567,736) |
| Effect of exchange rate change on cash and cash equivalents | — | (492) |
| Net increase (decrease) in cash and cash equivalents | (154,026) | (743,782) |
| 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 | 1,378,341 | 2,405,943 |

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