

MTI Ltd.

FY2012 for the 3rd Quarter

Financial Results Presentation

July 27, 2012

Securities Code : 9438

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Overview of Consolidated Financial Results for the 3rd Quarter

Financial Highlights for the 3rd Quarter

The number of paying subscribers



Smartphones

2.29 million

(+0.32million compared to March 31, 2012)

Total

8.04 million

(-0.54million compared to March 31, 2012)

Financial results



Net sales: ¥ **21,952 million** (-¥2,534 million, -10.4% compared to the previous year)

73% of progress for the full-year term earning forecast

Operating income: ¥ **1,654 million** (-¥1,188 million, -41.8% compared to the previous year)

91% of progress for the full-year term earning forecast

Consolidated Statements of Income

| (million yen) | Nine months ended June 30, 2012 | Nine months ended June 30, 2011 | Change | |
|--------------------------|------------------------------------|------------------------------------|--------|--------|
| | | | Amount | % |
| Net sales | 21,952 | 24,486 | -2,534 | -10.4% |
| Cost of sales | 4,360 | 5,898 | -1,537 | -26.1% |
| Gross profit | 17,591 | 18,588 | -996 | -5.4% |
| (Gross profit ratio) | 80.1% | 75.9% | | |
| SGA ※ | 15,936 Breakdown in the P5 | 15,744 | 191 | 1.2% |
| Operating income | 1,654 | 2,843 | -1,188 | -41.8% |
| (Operating income ratio) | 7.5% | 11.6% | | |
| Ordinary income | 1,646 | 2,833 | -1,186 | -41.9% |
| (Ordinary income ratio) | 7.5% | 11.6% | | |
| Net income | 411 | 1,506 | -1,095 | -72.7% |
| (Net income ratio) | 1.9% | 6.2% | | |

Fall in income due to the decrease in the total number of paying subscribers

Increase in gross profit ratio

----- Factors -----

- decrease in the number of downloads in music contents
- Higher sales contributions from lifestyle information-related services with low cost of sales ratios

Extraordinary loss :
¥425 million
(Breakdown)

- Goodwill impairment loss
¥278 million
- Loss on retirement of noncurrent assets
¥105 million

※ Selling, General and Administrative Expenses

| (million yen) | Nine months ended June 30, 2012 | Nine months ended June 30, 2011 | Change | |
|----------------------|------------------------------------|------------------------------------|--------|--------|
| | | | Amount | % |
| Total | 15,936 | 15,744 | 191 | 1.2% |
| Advertising expenses | 5,167 | 5,940 | -772 | -13.0% |
| Personnel expenses | 4,092 | 3,594 | 497 | 13.9% |
| Payment commission | 2,469 | 2,673 | -204 | -7.6% |
| Outsourcing expenses | 1,152 | 883 | 269 | 30.5% |
| Depreciation | 1,032 | 812 | 219 | 27.0% |
| Other | 2,021 | 1,839 | 181 | 9.9% |

Hold down of the costs of advertising

Increase in hiring new graduates and strengthen the development power (+150 year on year)

Consolidated Balance Sheets

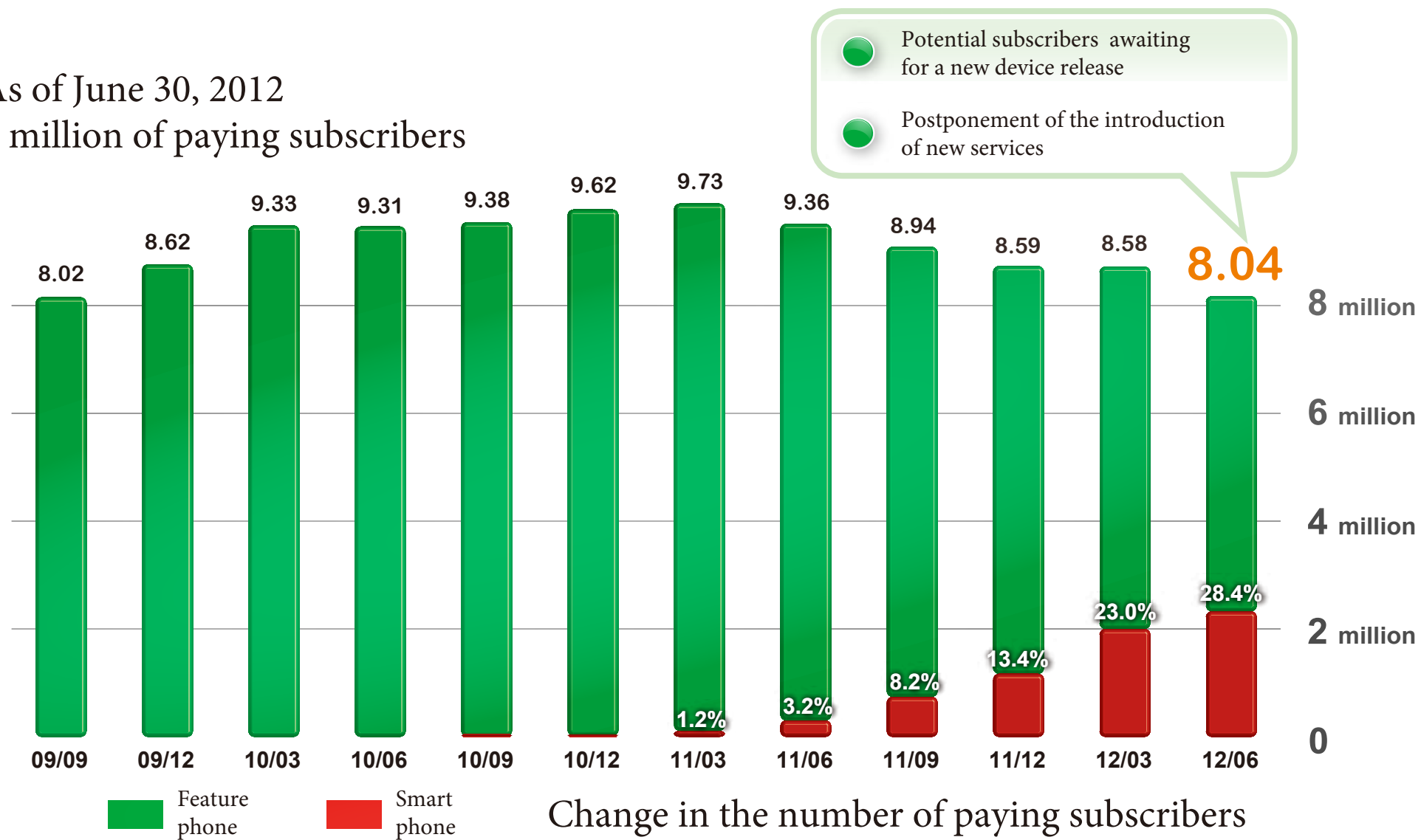
Net cash is ¥15 billion as of June 30, 2012

| (million yen) | As of June 30, 2012 | As of September 30, 2011 | Change |
|---------------------------------|------------------------|-----------------------------|--------|
| Current assets | 9,375 | 11,470 | -2,094 |
| Cash and deposit | 1,760 | 3,108 | -1,348 |
| Accounts receivable -trade | 6,654 | 7,633 | -978 |
| Other | 961 | 821 | 140 |
| Allowance for doubtful accounts | -336 | -370 | 34 |
| | | | |
| Noncurrent assets | 4,474 | 4,411 | 63 |
| Tangible fixed assets | 229 | 253 | -24 |
| Intangible fixed assets | 2,358 | 2,338 | 19 |
| Include software | 2,143 | 2,005 | 137 |
| Include goodwill | 187 | 313 | -125 |
| Investments and other assets | 1,887 | 1,818 | 68 |
| Include Investment securities | 670 | 643 | 26 |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total assets | 13,850 | 15,881 | -2,030 |

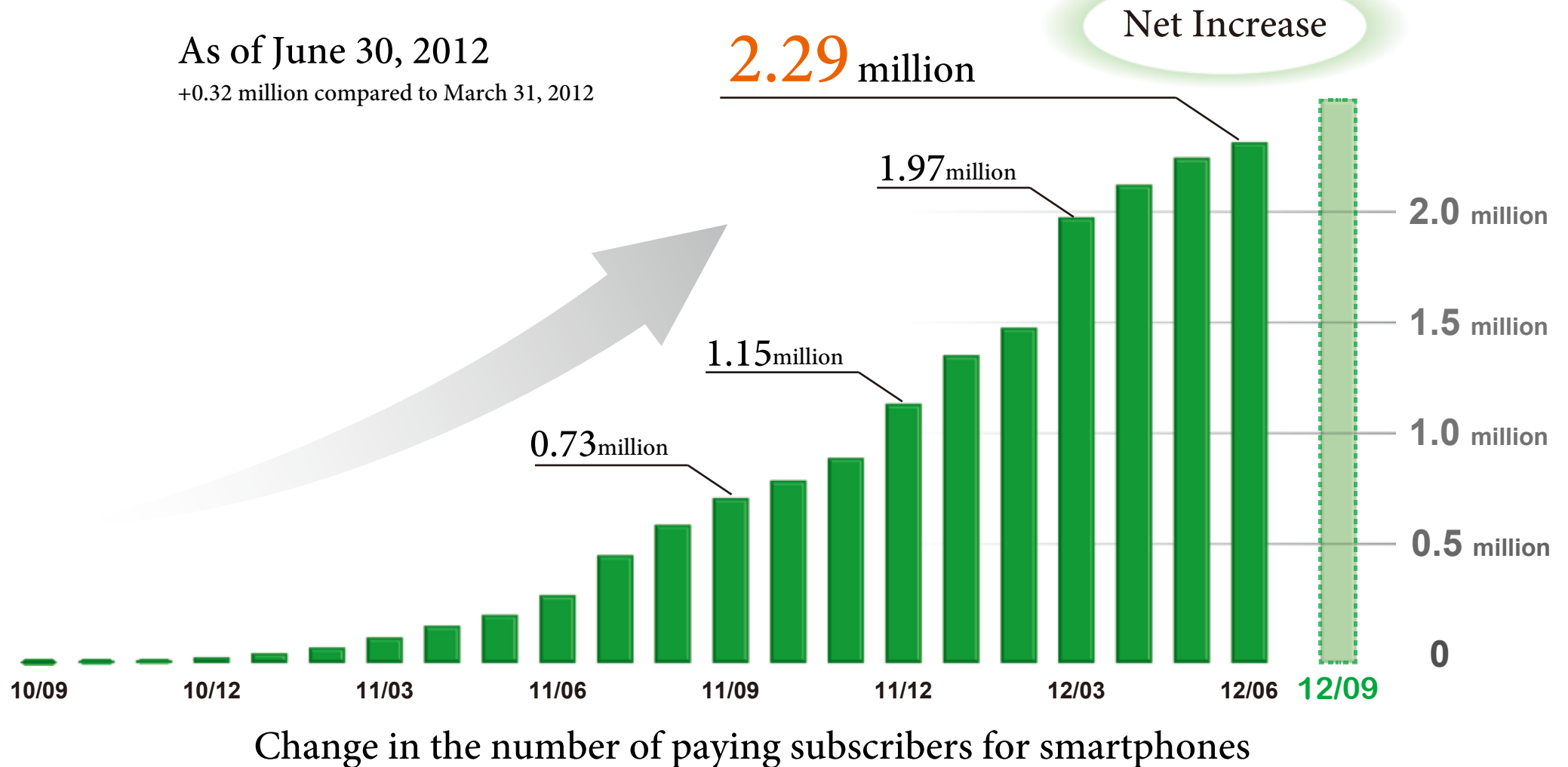
| (million yen) | As of June 30, 2012 | As of September 30, 2011 | Change |
|--|------------------------|-----------------------------|--------|
| Liabilities | 4,158 | 5,626 | -1,467 |
| Accounts payable trade | 1,204 | 1,541 | -337 |
| Current portion of long-term loans payable | 149 | 200 | -51 |
| Account payable-other | 1,685 | 1,555 | 130 |
| Income taxes payable | 34 | 1,044 | -1,009 |
| Allowance for coin usage | 470 | 497 | -26 |
| Other | 614 | 786 | -173 |
| Noncurrent liabilities | 530 | 584 | -54 |
| Long-term loans payable | - | 99 | -99 |
| Convertible bond | 63 | 61 | 1 |
| Other | 466 | 424 | 42 |
| Total liabilities | 4,688 | 6,210 | -1,522 |
| Capital stock | 2,562 | 2,562 | 0 |
| capital surplus | 3,078 | 3,072 | 5 |
| Retained earning | 3,695 | 3,819 | -123 |
| Treasury stock | -397 | - | -397 |
| Total valuation and translation adjustment | 2 | 32 | -30 |
| Subscription rights to shares | 199 | 163 | 35 |
| Minority interests | -6 | 18 | -12 |
| Net assets | 9,162 | 9,670 | -508 |
| Total liabilities and net assets | 13,850 | 15,881 | -2,030 |

Business Overview i) The Number of Paying Subscribers(Total)

As of June 30, 2012
8 million of paying subscribers



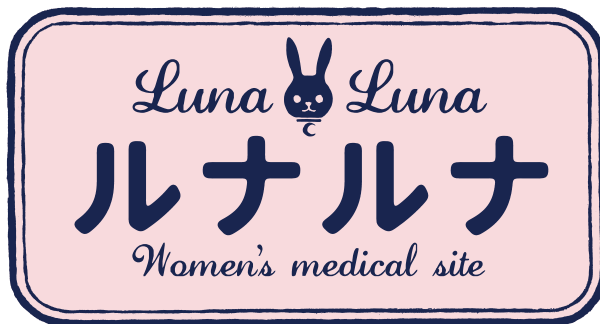
Business Overview ii) The Number of Paying Subscribers(Smartphones)




Business Overview iii) Expanding Services to iPhone



Expanding services to iPhone in our main categories



 **music.jp**® will be adapted to iPhone from the 4th Quarter

Business Overview iv) docomo “d-menu” Ranking



No.1 continued on the docomo “d-menu” in each category



music.jp®



Luna Luna



yomel.jp



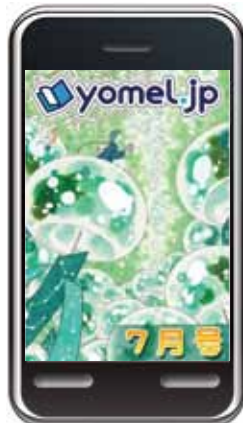
Today's fortune DX



Obunsha jiten



Pazzlun



Business Overview v) mopita



Authentication and payment platform

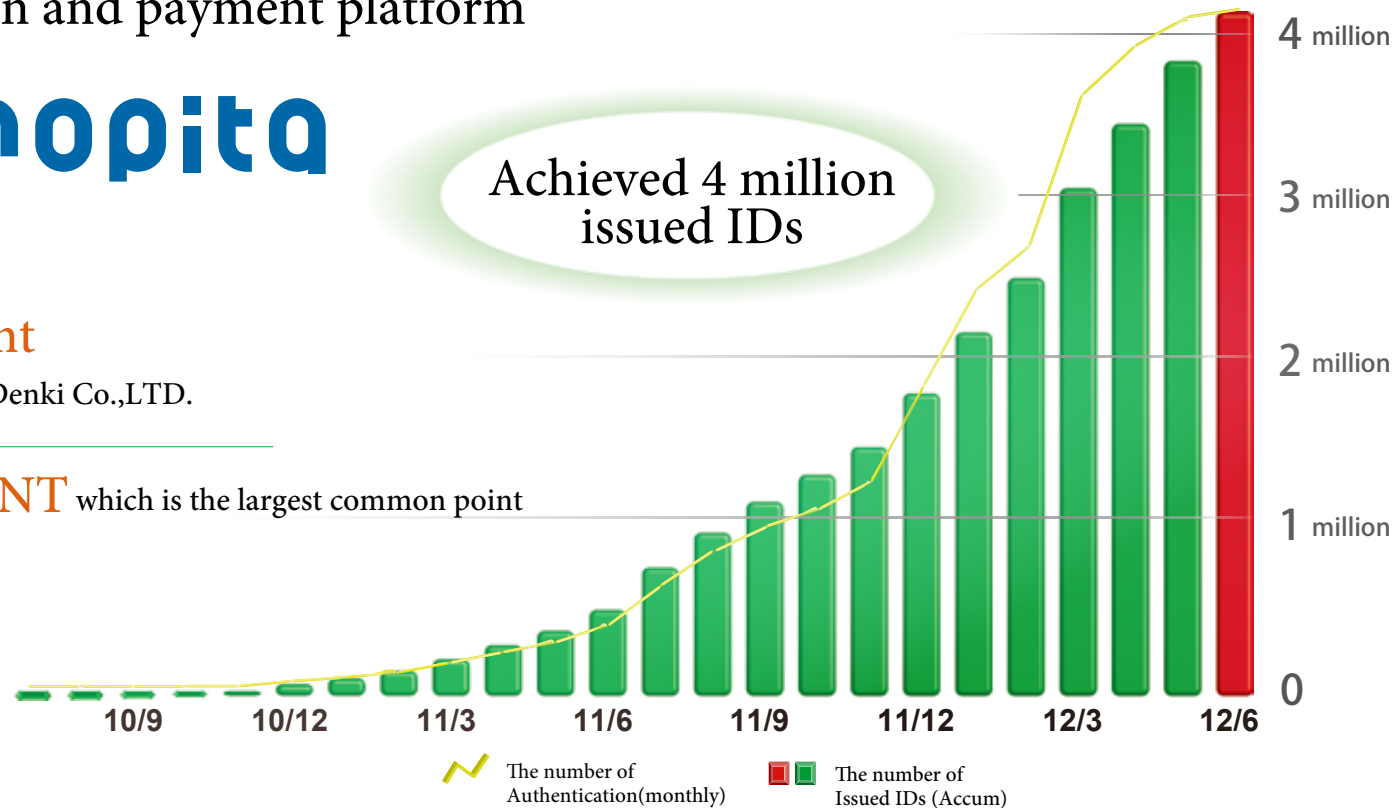


Achieved 4 million
issued IDs

Collaboration with **Yamada point**

Which is service for mobile in Yamada Denki Co.,LTD.

music.jp: Collaboration with **T-POINT** which is the largest common point
services in Japan



Available payment means



auかんたん決済

S!まとめて支払い

※ソフトバンクまとめて支払い



T-POINT



Various credit cards
Docomo mobile payment
in-app Billing

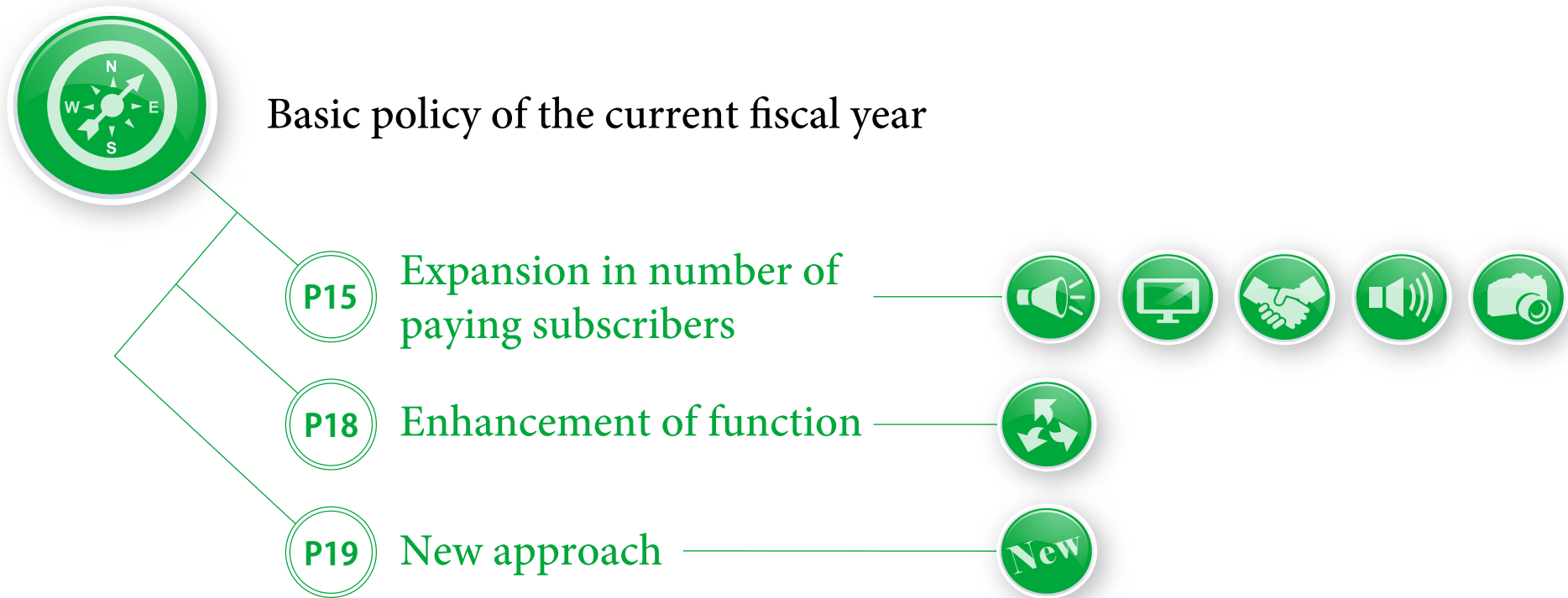
Progress for Earning Forecast for the Full-year Term

| (million yen) | Q1 | Q2 | Q3 | Total | Forecast | Progress ratio |
|--------------------------|-------|-------|-------|--------|----------|----------------|
| Net sales | 7,485 | 7,215 | 7,251 | 21,952 | 30,000 | 73% |
| Gross profit | 5,887 | 5,807 | 5,896 | 17,591 | 24,000 | 73% |
| (Gross profit ratio) | 78.7% | 80.5% | 81.3% | 80.1% | | |
| Operating income | 970 | 179 | 504 | 1,654 | 1,800 | 91% |
| (Operating income ratio) | 13.0% | 2.5% | 7.0% | 7.5% | | |
| Ordinary income | 961 | 178 | 506 | 1,646 | 1,780 | 92% |
| (Ordinary income ratio) | 12.8% | 2.5% | 7.0% | 7.5% | | |
| Net income | 183 | -6 | 234 | 411 | 500 | 82% |
| (Net income ratio) | 2.5% | -0.1% | 3.2% | 1.9% | | |



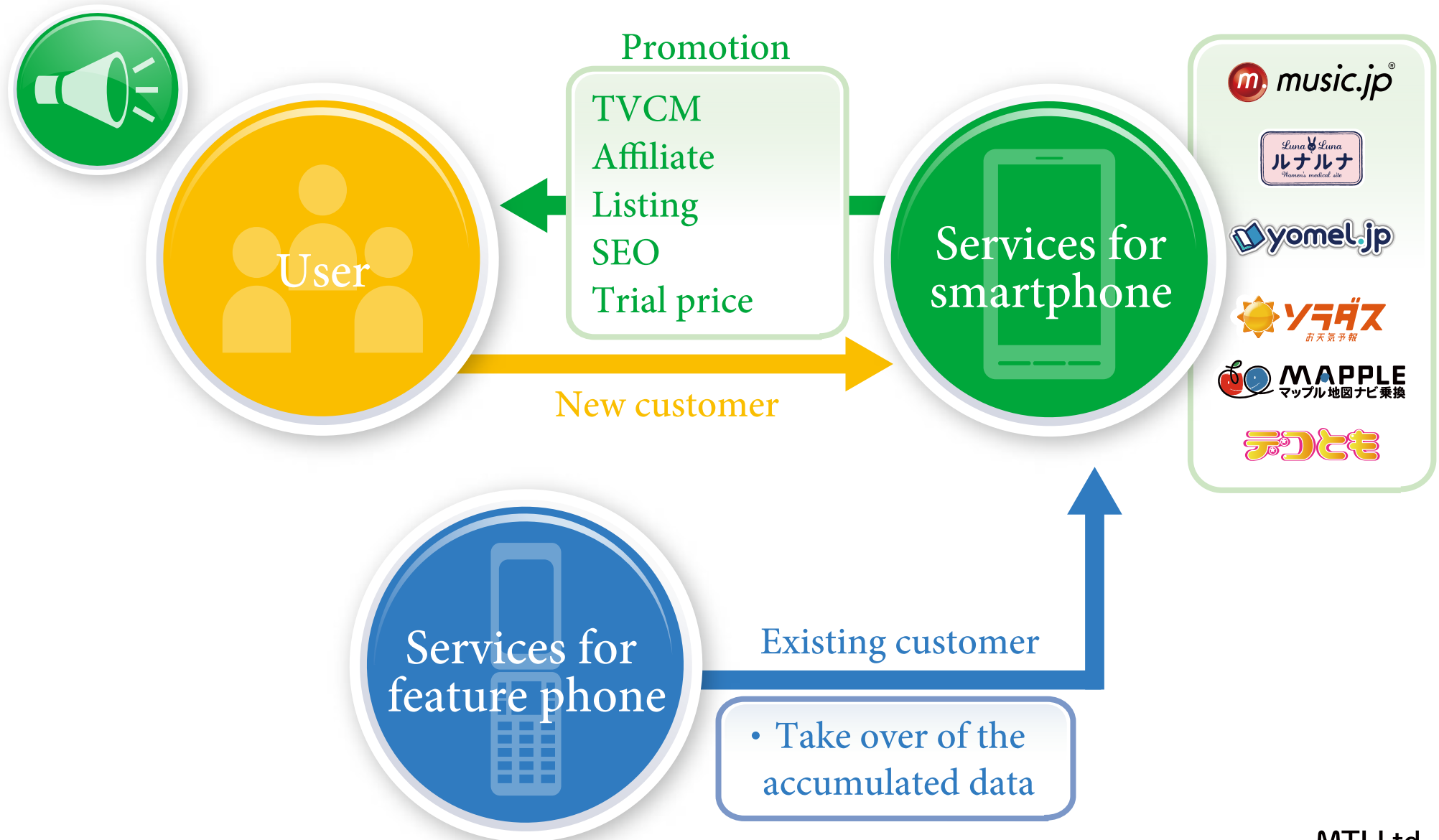
New Approach in the 4th Quarter

New Approach in the 4th Quarter



Expansion in Number of Paying Subscribers

i) Active Promotion Activities



Expansion in Number of Paying Subscribers

ii) TVCM



music.jp®



LunaLuna



comic.jp



Pazzlun

Expansion in Number of Paying Subscribers

iii) e-book Service



New licenses from
Akita Shoten and
Hakusensha



Audio books



Photo collections

comic.jp



花のズボラ飯
©久住昌之 / 水沢悦子
(エレガンスイブ・秋田書店)



デトロイト・メタル・シティ
©若杉公徳 (白泉社)

kikel.jp

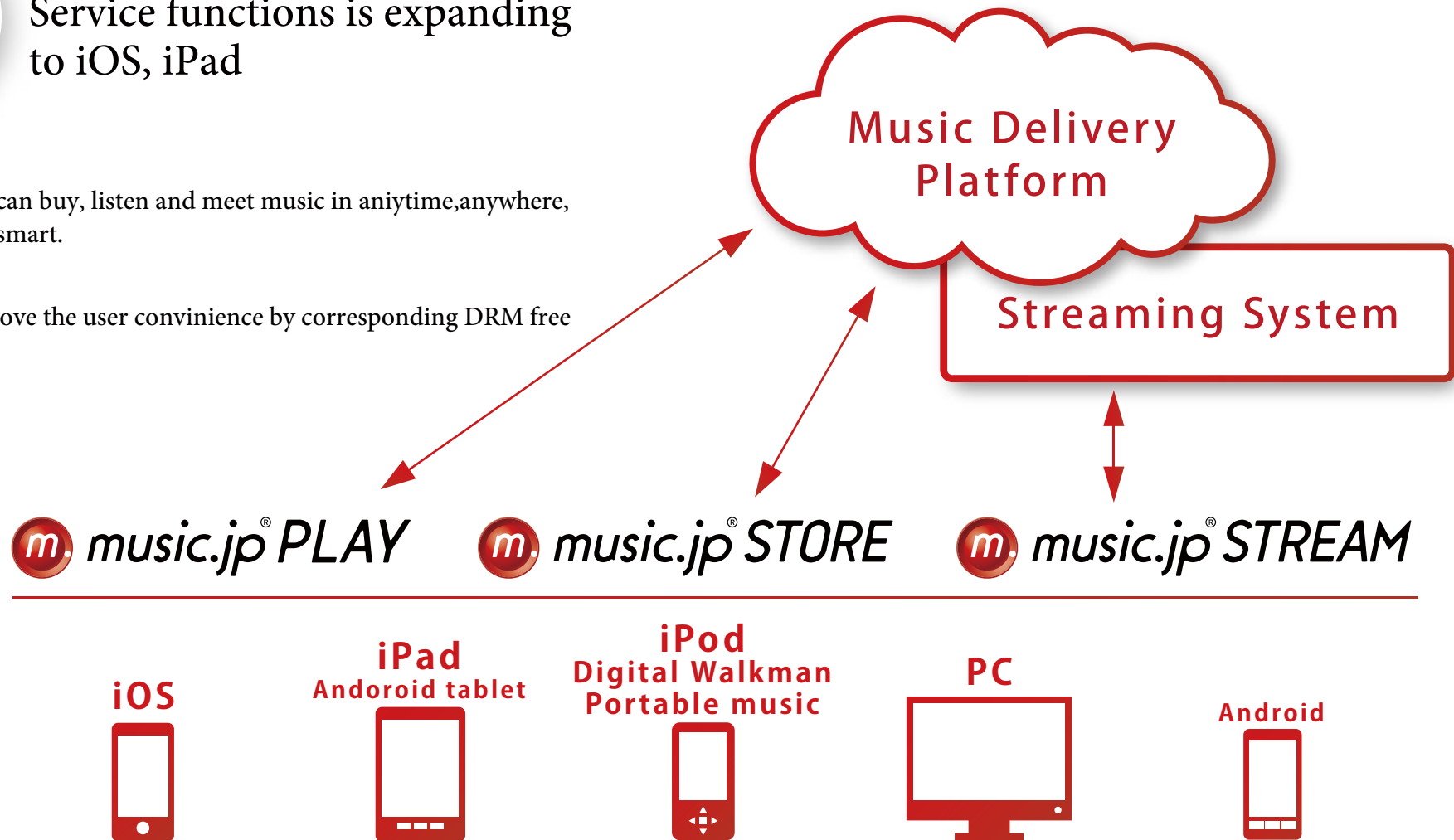


Enhancement of Functions : Music Contents Service



Service functions is expanding to iOS, iPad

- You can buy, listen and meet music in anytime, anywhere, play smart.
- Improve the user convenience by corresponding DRM free



New Approach



AKB48 Trading card game & collection

Official trading card game linked smartphone application release determination



©AKS



AKB48 image in
AR (augmented reality)



The card collection



Get a new card
by composing cards

Earning Forecast for the Full-year Term

| (million yen) | Year ended September 30, 2012 | Year ended September 30, 2011 | Change | |
|--------------------------|----------------------------------|----------------------------------|--------|--------|
| | Forecast | Actual | Amount | % |
| Net sales | 30,000 | 32,342 | -2,342 | -7.2% |
| Cost of sales | 6,000 | 7,571 | -1,571 | -20.8% |
| Gross profit | 24,000 | 24,770 | -770 | -3.1% |
| (Gross profit ratio) | 80.0% | 76.6% | | |
| SGA ※ | 22,200 | 21,067 | 1,132 | 5.4% |
| Operating income | 1,800 | 3,702 | -1,902 | -51.4% |
| (Operating income ratio) | 6.0% | 11.4% | | |
| Ordinary income | 1,780 | 3,692 | -1,912 | -51.8% |
| (Ordinary income ratio) | 5.9% | 11.4 | | |
| Net income | 500 | 1,797 | -1,297 | -72.2% |
| (Net income ratio) | 1.7% | 5.6% | | |

※ Selling, General and Administrative Expenses



Appendix

Consolidated Statements of Income(Q3)

| (million yen) | Three months ended June 30, 2012 | Three months ended June 30, 2011 | Change | |
|--------------------------|-------------------------------------|-------------------------------------|--------|--------|
| | | | Amount | % |
| Net sales | 7,251 | 8,146 | -894 | -11.0% |
| Cost of sales | 1,355 | 1,906 | -550 | -28.9% |
| Gross profit | 5,896 | 6,239 | -343 | -5.5% |
| (Gross profit ratio) | 81.3% | 76.6% | | |
| SGA ※ | 5,391 | 5,173 | 217 | 4.2% |
| Operating income | 504 | 1,065 | -561 | -52.6% |
| (Operating income ratio) | 7.0% | 13.1% | | |
| Ordinary income | 506 | 1,066 | -559 | -52.5% |
| (Ordinary income ratio) | 7.0% | 13.1% | | |
| Net income | 234 | 583 | -349 | -59.9% |
| (Net income ratio) | 3.2% | 7.2% | | |

※ Selling, General and Administrative Expenses

SGA(Q3) ※

| (million yen) | Three months ended June 30, 2012 | Three months ended June 30, 2011 | Change | |
|----------------------|-------------------------------------|-------------------------------------|--------|--------|
| | | | Amount | % |
| Total | 5,391 | 5,173 | 217 | 4.2% |
| Advertising expenses | 1,714 | 1,671 | 42 | 2.5% |
| Personnel expenses | 1,456 | 1,312 | 144 | 11.0% |
| Payment commision | 821 | 901 | -80 | (8.9%) |
| Outsourcing expenses | 376 | 313 | 62 | 20.0% |
| Depreciation | 373 | 294 | 78 | 26.8% |
| Other | 648 | 678 | -30 | -4.5% |

※ Selling, General and Administrative Expenses

Consolidated Statements of Income Change in Quarter

| (million yen) | Year ended September 30, 2011 | | | | Year ended September 30, 2012 | | |
|--------------------------|-------------------------------|-------|-------|-------|-------------------------------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Net sales | 7,961 | 8,379 | 8,146 | 7,855 | 7,485 | 7,215 | 7,251 |
| Cost of sales | 2,038 | 1,955 | 1,907 | 1,673 | 1,598 | 1,408 | 1,355 |
| Gross profit | 5,923 | 6,424 | 6,239 | 6,182 | 5,887 | 5,807 | 5,896 |
| (Gross profit ratio) | 74.4% | 76.7% | 76.6% | 78.7% | 78.7% | 80.5% | 81.3% |
| SGA ※ | 5,021 | 5,549 | 5,173 | 5,323 | 4,916 | 5,628 | 5,391 |
| Operating income | 902 | 875 | 1,065 | 858 | 970 | 179 | 504 |
| (Operating income ratio) | 11.3% | 10.4% | 13.1% | 10.9% | 13.0% | 2.5% | 7.0% |
| Ordinary income | 895 | 871 | 1,066 | 859 | 961 | 178 | 506 |
| (Ordinary income ratio) | 11.3% | 10.4% | 13.1% | 10.9% | 12.8% | 2.5% | 7.0% |
| Net income | 276 | 646 | 583 | 291 | 183 | -6 | 234 |
| (Net income ratio) | 3.5% | 7.7% | 7.2% | 3.7% | 2.5% | -0.1% | 3.2% |

※ Selling, General and Administrative Expenses

SGA ※ Change in Quarter

| (million yen) | Year ended September 30, 2011 | | | | Year ended September 30, 2012 | | |
|----------------------|-------------------------------|-------|-------|-------|-------------------------------|-------|-------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total | 5,021 | 5,549 | 5,173 | 5,323 | 4,916 | 5,628 | 5,391 |
| Advertising expenses | 1,975 | 2,293 | 1,671 | 1,495 | 1,348 | 2,104 | 1,714 |
| Personnel expenses | 1,090 | 1,191 | 1,312 | 1,452 | 1,377 | 1,258 | 1,456 |
| Payment commision | 876 | 895 | 901 | 892 | 823 | 824 | 821 |
| Outsourcing expenses | 275 | 294 | 313 | 417 | 368 | 407 | 376 |
| Depreciation | 246 | 271 | 294 | 309 | 314 | 343 | 373 |
| Other | 556 | 603 | 678 | 756 | 683 | 689 | 648 |

※ Selling, General and Administrative Expenses

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