

MTI Ltd.

For the Year ended September 30, 2012
Financial Result Presentation

November 1, 2012
Securities Code : 9438

Table of Contents

1

P2 Overview of Consolidated Financial Results

P3 Financial Highlight

P4 Consolidated Statements of Income

P5 Selling, General and Administrative Expenses

P6 Business Overview

P11 Consolidated Balance Sheets Statements

P12 Trends in Quarterly Consolidated Statements of Income

P13 Trends in Quarterly Consolidated Selling, General and Administrative Expenses

2

P14 Approach in the Fiscal Year 2013

P15 Basic Policy of the Fiscal Year

P16 Focus on iPhone Users

P18 Enlargement of Contents Services

P22 New Approach

P23 Point for the Consolidated Forecast

P24 Consolidated Forecast

3

P25 Capital Policy

4

P27 Appendix



Overview of Consolidated Financial Results

Financial Highlight

The number of paying subscribers



Smartphones

3.13 million paying subscribers
(+2.4 million, yoy)

Total

8.13 million paying subscribers
(-0.81 million, yoy)

Turn over in Q4

Financial results



Net sales

29,382 millions of yen
(-2,959 millions of yen, -9.2%)

Ordinary income

1,704 millions of yen
(-1,997 millions of yen, -54.0%)

Devidend



Devidend:

4,000 yen (no changed, yoy)
(at the end of fiscal year)

Consolidated Profit and Loss Statements

(Millions of yen)	FY2012	FY2011	Change	
			Amount	Ratio(%)
Net sales	29,382	32,342	-2,959	-9.2%
Cost of sales	5,665	7,571	-1,906	-25.2%
Gross profit	23,716	24,770	-1,053	-4.3%
(Gross profit ratio)	80.7%	76.6%		
Selling, General and Administrative Expenses	22,012 Breakdown in the P5	21,067	+944	+4.5%
Operating income	1,704	3,702	-1,997	-54.0%
(Operating income ratio)	5.8%	11.4%		
Ordinary income	1,697	3,692	-1,994	-54.0%
(Ordinary income ratio)	5.8%	11.4%		
Net income	109	1,797	-1,688	-93.9%
(Net income ratio)	0.4%	5.6%		

Fall in income due to the decrease in the total numbers 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 saels ratios

Extraordinary loss: ¥739 million (Breakdown)

- Loss on valuation of investment securities
... ¥291 million
- Impairment loss of goodwill
... ¥278 million
- Loss on retirement of noncurrent assets
... ¥128 million

Selling, General and Administrative Expenses

(Millions of yen)	FY2012	FY2011	Change	
			Amount	Ratio(%)
Total	22,012	21,067	+ 944	+4.5%
Advertising expenses	7,651	7,436	+ 215	+2.8%
Personal expenses	5,519	5,047	+ 472	+9.3%
Commission fee	3,289	3,566	-276	-7.7%
Subcontract expenses	1,543	1,300	+ 242	+18.6%
Depreciation	1,434	1,121	+ 312	+27.8%
Other	2,573	2,595	-22	-0.8%

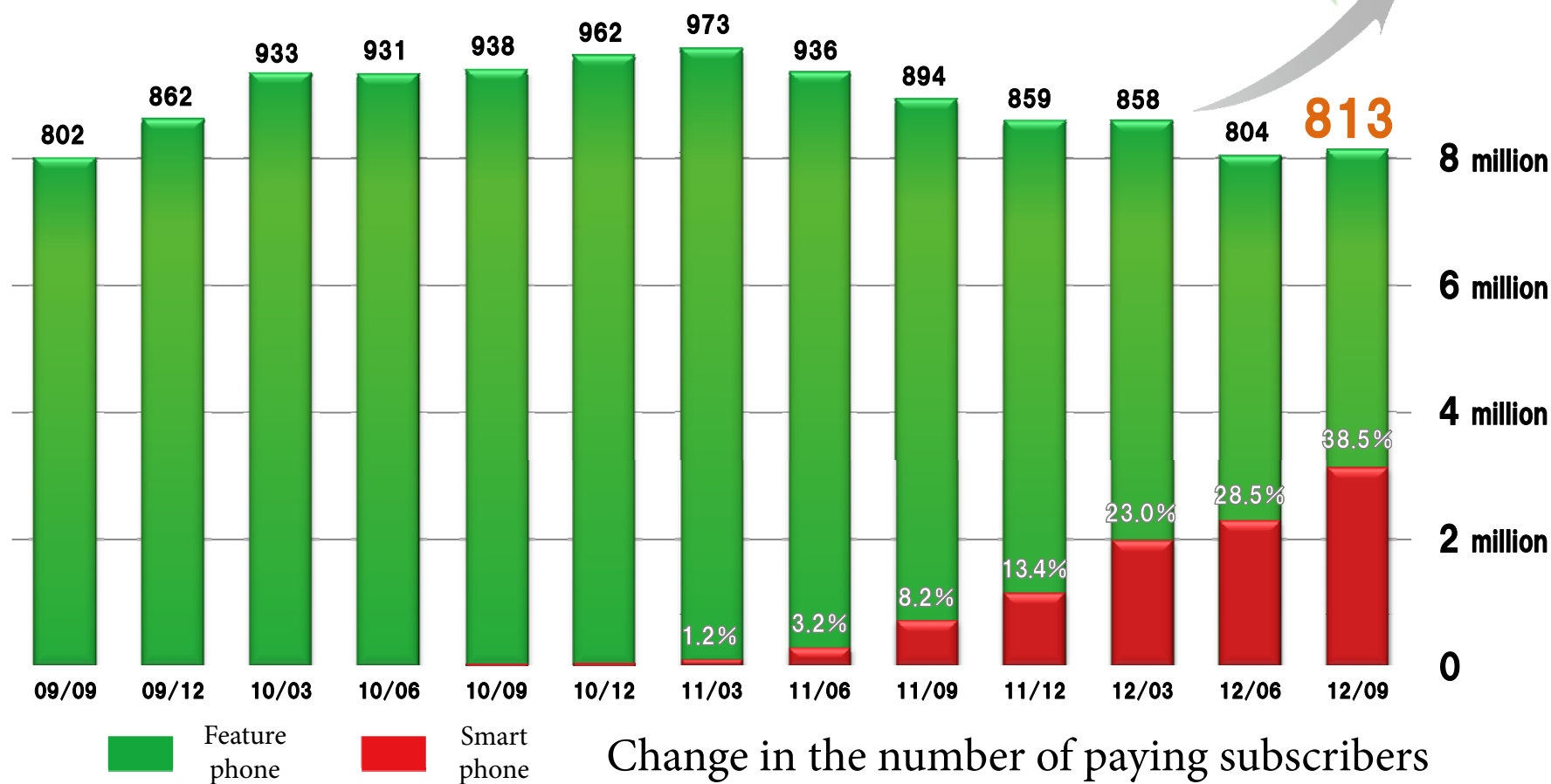
Increase in hiring new graduates and strengthen the development power (+116 employees, yoy)

Increase in cost of development for smart phone services

Business Overview i) The Total Number of Paying Subscribers

8.13 million paying subscribers
(-0.81 million, yoy)

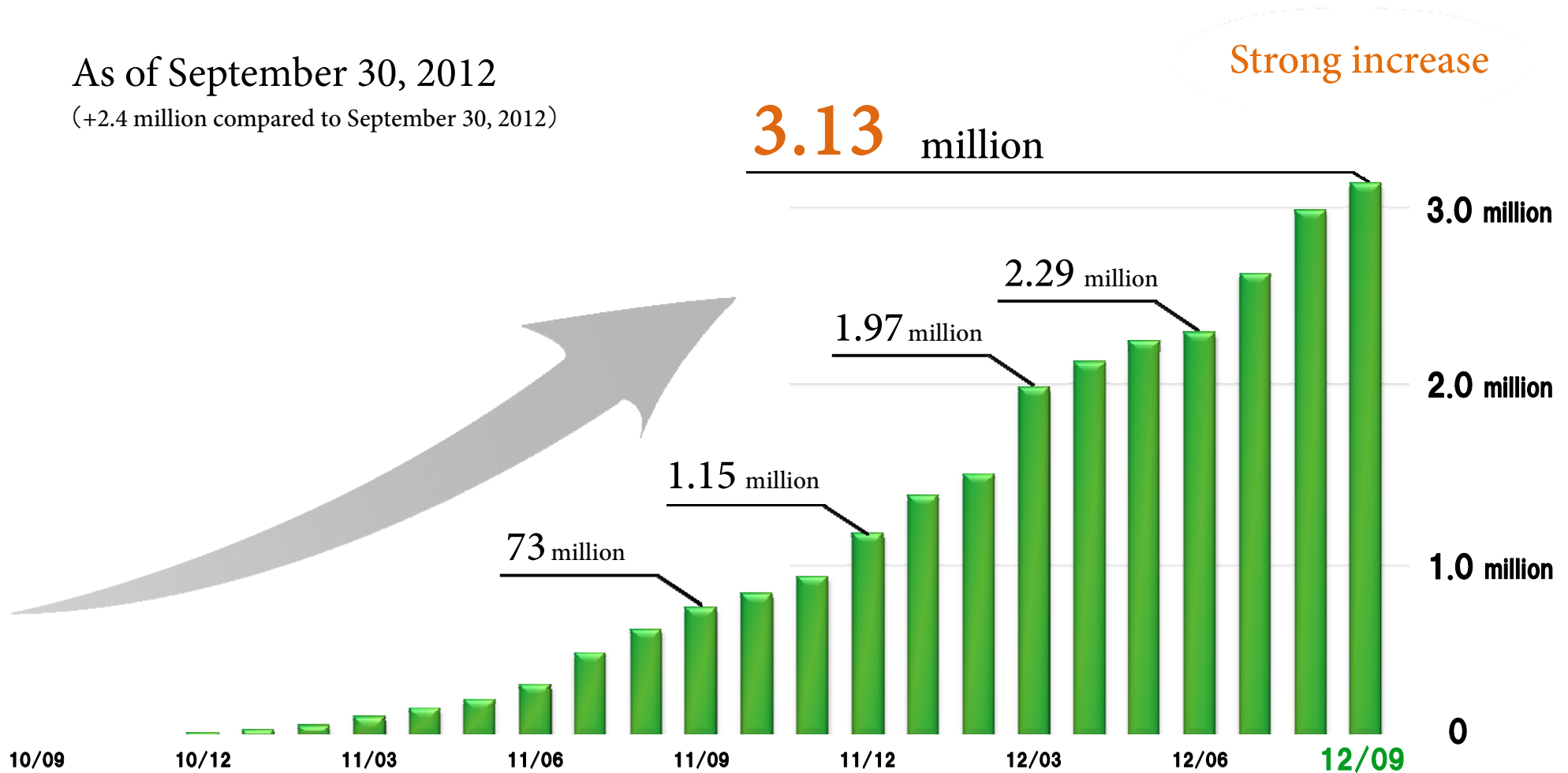
Stopped to decrease due to expansion of smart phone users, and turned over in 4th quarter.



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

As of September 30, 2012

(+2.4 million compared to September 30, 2012)



Change in the number of paying subscribers for smartphones

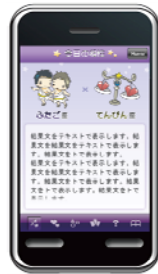
Business Overview iii) docomo “d-menu” Ranking



No.1 continued

on the docomo “d-menu” in each category

今日の運勢 DX
Today's Fortune DX



music.jp®



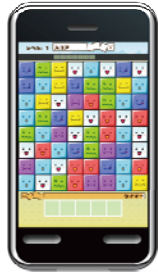
Luna Luna



任文社
辞典
for Web
Obunsha jiten
(dictionary)



Pazzlun
(Puzzle game)



yomel.jp
(Novel)



Soradasu
(Weather)



New services ranked high on the list!

2位

Luna Luna
Maternity



3位

PhotoBook^{cafe}



3位

Table game
paradise



※ Source: Ranking data from “d-menu”, a portal site for smartphone services, by NTT docomo Co., Ltd. as of October 15, 2012

Business Overview iv) Adaption to iPhone



Main categories has been adopted to iPhone.



Business Overview v) Enhancement to the *mopita* Business



Authentication and payment platform



Collaborated with the various point-services

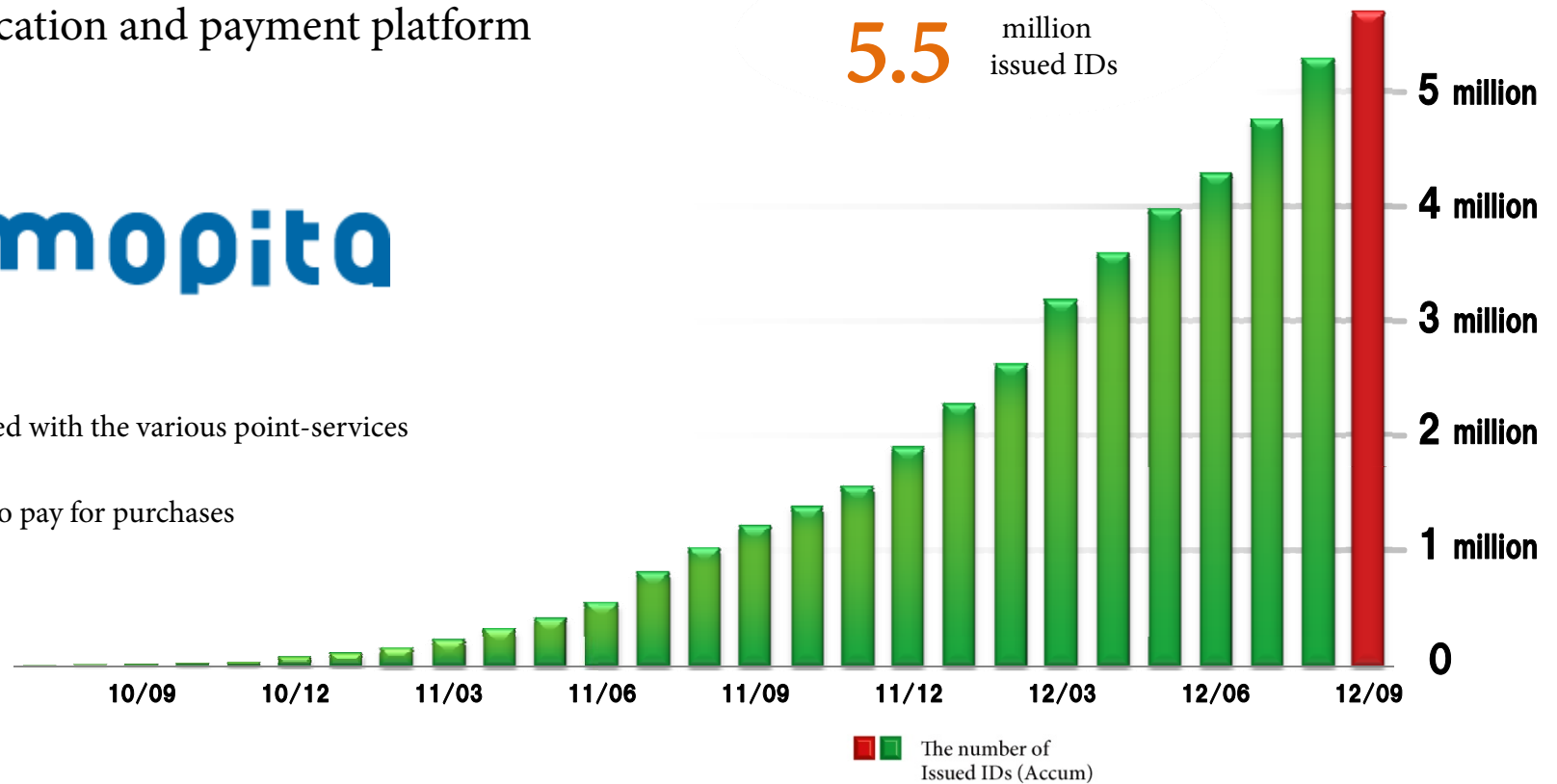


Increased to pay for purchases

Achieved

5.5

million
issued IDs



Available payment means



S! まとめて支払い
※Softbank payment

auかんたん決済

SMART SERVICE

YAHOO! JAPAN ウォレット

T-POINT



永久不滅
ポイント



※ Mobile Suica is trademark
registered to East Japan
Railway Company.

Consolidated Balance Sheets

Net cash is ¥2.40 billion at the end of September 30, 2012
(¥2.74 billion at the end of September 30, 2011)

(Millions of yen)	FY2012	FY2011	Change
Current assets	9,630	11,470	-1,834
Cash and deposit	2,563	3,108	-545
Accounts receivable-trade	6,188	7,633	-1,444
Other	1,147	1,099	+50
Allowance for doubtful accounts	-268	- 370	+102
Noncurrent assets	4,340	4,411	-70
Tangible fixed assets	218	253	-35
Intangible fixed assets	2,483	2,338	+144
Include software	2,255	2,005	+249
Include goodwill	171	313	-142
Investments and other assets	1,639	1,818	-179
Include investment securities	376	643	-267
Total assets	13,971	15,881	-1,910

(Millions of yen)	FY2012	FY2011	Change
Liabilities	4,566	5,626	-1,059
Accounts payable trade	1,233	1,541	-308
Current portion of long-term loans payable	99	200	-101
Account payable-other	1,964	1,555	+409
Income taxes payable	7	1,044	-1,036
Allowance for coin usage	420	497	-76
Other	840	788	+52
Noncurrent liabilities	482	584	-101
Long-term loans payable	—	99	-99
Convertible bond	—	61	-61
Other	482	424	+58
Total liabilities	5,049	6,210	-1,161
Capital stock	2,562	2,562	—
Capital surplus	3,078	3,072	+5
Retained earning	3,394	3,819	-425
Treasury stock	-397	—	-397
Subscription rights to shares	211	163	+48
Minority interest	64	18	+46
Net assets	8,922	9,670	-748
Total liabilities and net assets	13,971	15,881	-1,910

Trends in Consolidated Statements of Income

(Millions of yen)	Fiscal year ended September 30, 2011				Fiscal year ended September 30, 2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	7,961	8,379	8,146	7,855	7,485	7,215	7,251	7,429
Cost of sales	2,038	1,955	1,907	1,673	1,597	1,407	1,355	1,304
Gross profit	5,923	6,424	6,239	6,182	5,887	5,807	5,896	6,125
(Gross profit ratio)	74.4%	76.7%	76.6%	78.7%	78.7%	80.5%	81.3%	82.4%
Selling, general and administrative expenses	5,021	5,549	5,173	5,323	4,916	5,628	5,391	6,075
Operating income	902	875	1,065	858	970	179	504	49
(Operating income ratio)	11.3%	10.4%	13.1%	10.9%	13.0%	2.5%	7.0%	0.7%
Ordinary income	895	871	1,066	859	961	178	506	50
(Ordinary income ratio)	11.3%	10.4%	13.1%	10.9%	12.8%	2.5%	7.0%	0.7%
Net income	276	646	583	291	183	-6	234	-301
(Net income ratio)	3.5%	7.7%	7.2%	3.7%	2.5%	-0.1%	3.2%	-4.1%

Trends in Consolidated Selling, General and Administrative Expenses

(Millions of yen)	Fiscal year ended September 30, 2011				Fiscal year ended September 30, 2012			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	5,021	5,549	5,173	5,323	4,916	5,628	5,391	6,075
Advertising expenses	1,975	2,293	1,671	1,495	1,348	2,104	1,714	2,483
Personal expenses	1,090	1,191	1,312	1,452	1,377	1,258	1,457	1,427
Commission fee	876	895	901	892	823	824	821	819
Subcontract expenses	275	294	313	417	368	407	376	391
Depreciation	246	271	294	309	314	343	373	402
Other	556	603	678	756	683	689	647	552



New Approach in FY2013



Expansion in number of paying subscribers

P16

Focus on iPhone users

P18

Enlargement of contents services

P23

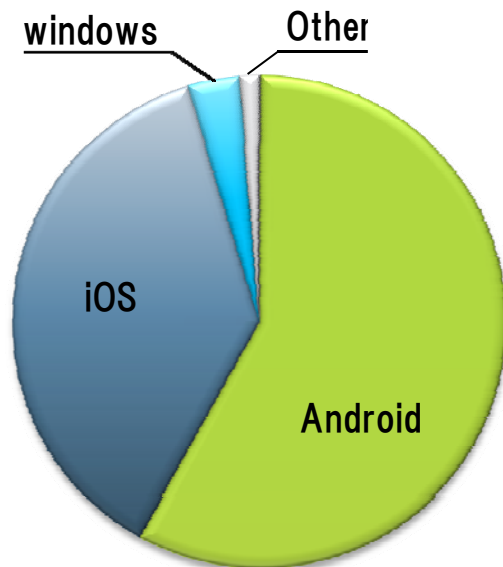
New approach

Focus on iPhone Users

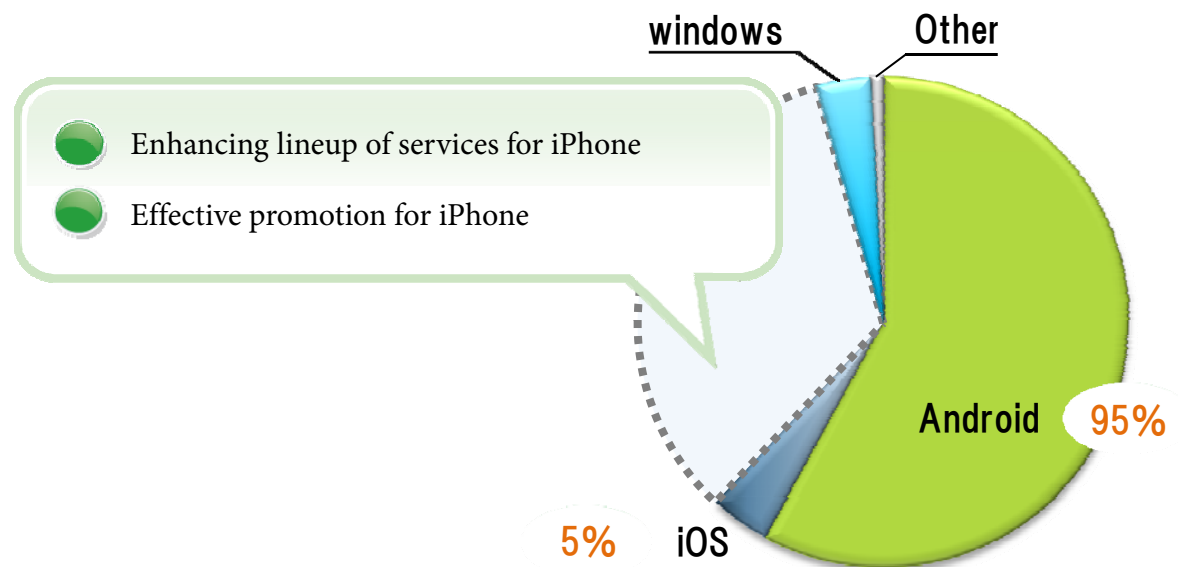


Full-scale launch of services targeting potential iPhone users

Market share by the OS of Smartphone subscribers
(As of December 31, 2011)



Makeup of MTI Smartphone subscribers
by the OS

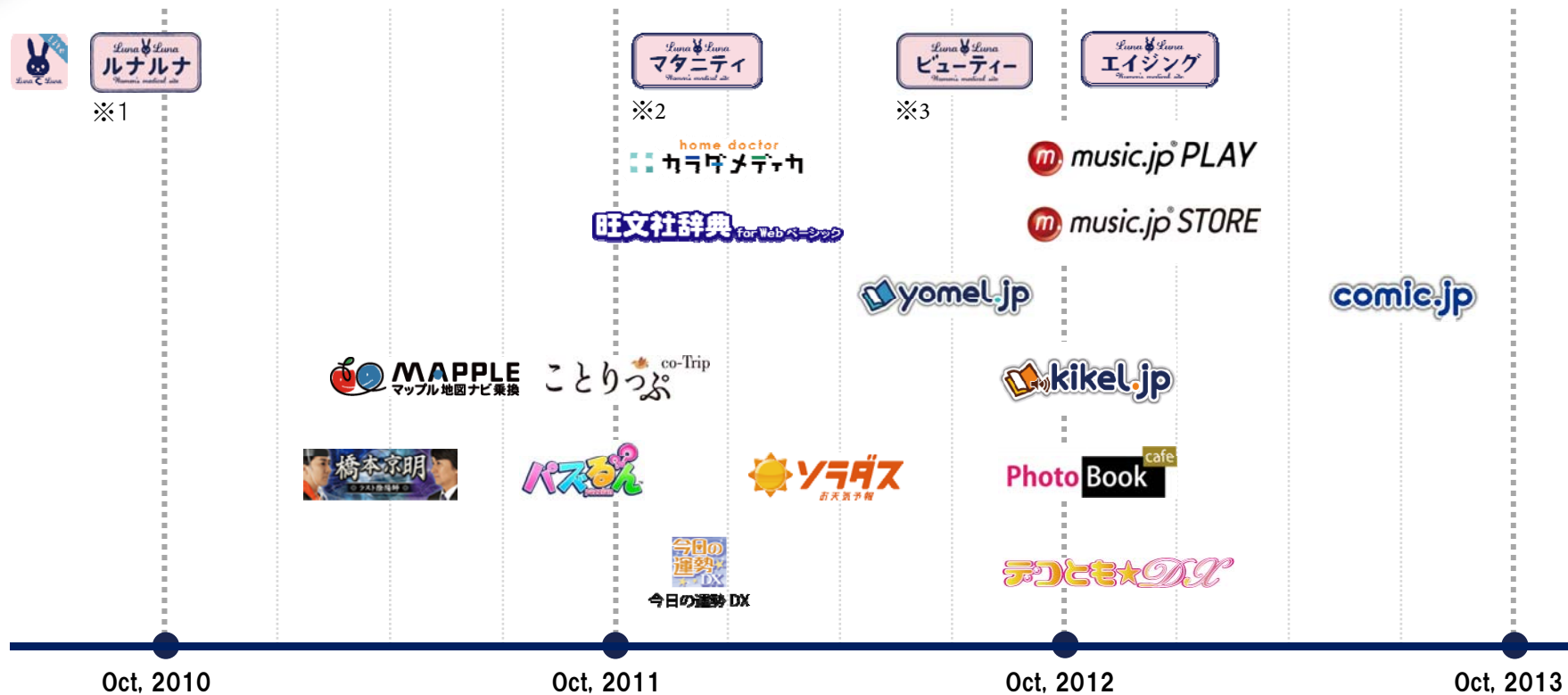


Source: MM Research Institute, Ltd. (Minato-ku, Tokyo)

Focus on iPhone Users



Main iPhone-compatible MTI contents



※1 “Josei-no-igaku”(Medical service for women) has been changed its name into “Luna-luna” since July 2012, which has corresponded to iPhone since July 2010.

※2 “Bebi-machi”(Medical service for pregnancy) has been changed its name into “Luna-luna” since July 2012, which has corresponded to iPhone since July 2010.

※3 “Luna-luna-plus” has been changed its name into “Luna-luna beauty” since July 2012, which has corresponded to iPhone since November 2011.

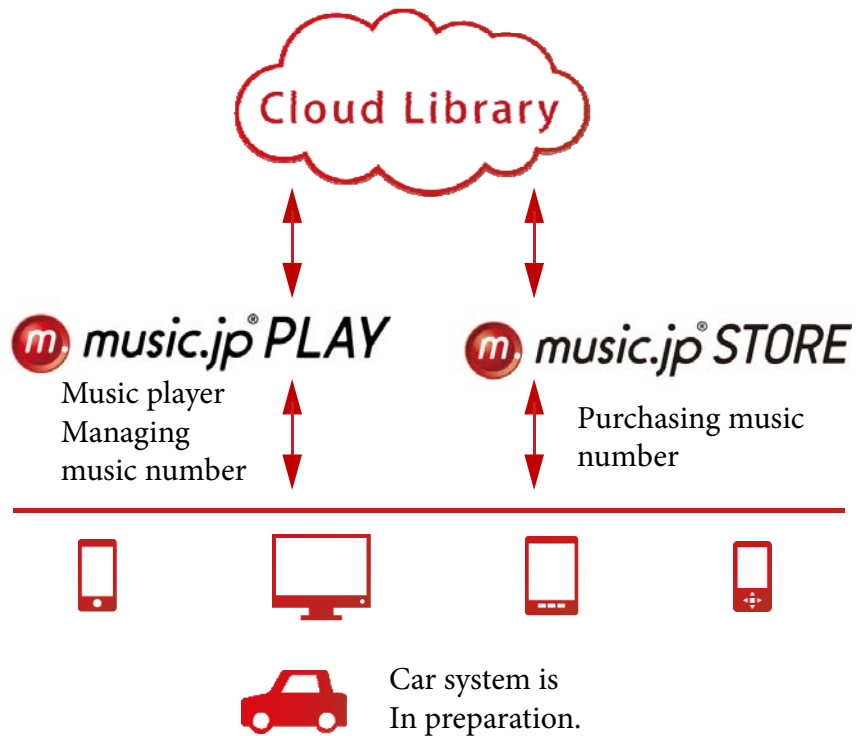
Enlargement of the Contents Services i) Music



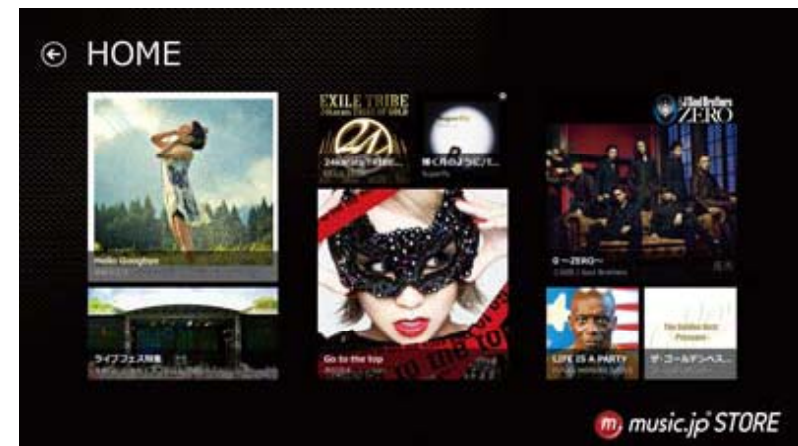
~Anytime, anywhere~

Increasing opportunities for enjoying music

Multi-OS, Multi-devices



To be pre-installed to the Windows 8





~Anytime, anywhere~

Increasing opportunities for enjoying music

SNS

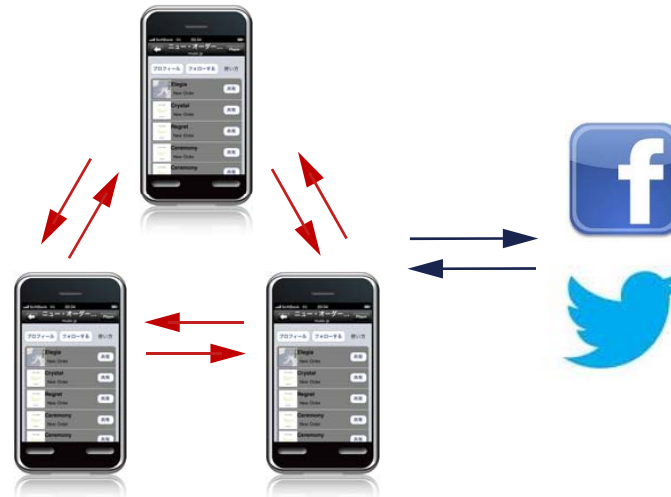


Started search portal related to music information.

minp!
Find your music
音楽まとめ<ミンプ>



To be shared of music play lists with others.



Multi-payment



Cooperating Points



T-POINT

永久不滅
ポイント



mopita

Enlargement of the Contents Services iii) e-Book



～Enjoy by yourself or with a group～
Increasing opportunities for enjoying e-books

comic.jp



yomel.jp

All-you-can-read novels



kikel.jp

All-you-can-hear audio books



Photo Book cafe

All-you-can-look at photo books



(C) Hajime Isayama/Kodansha, Ltd.



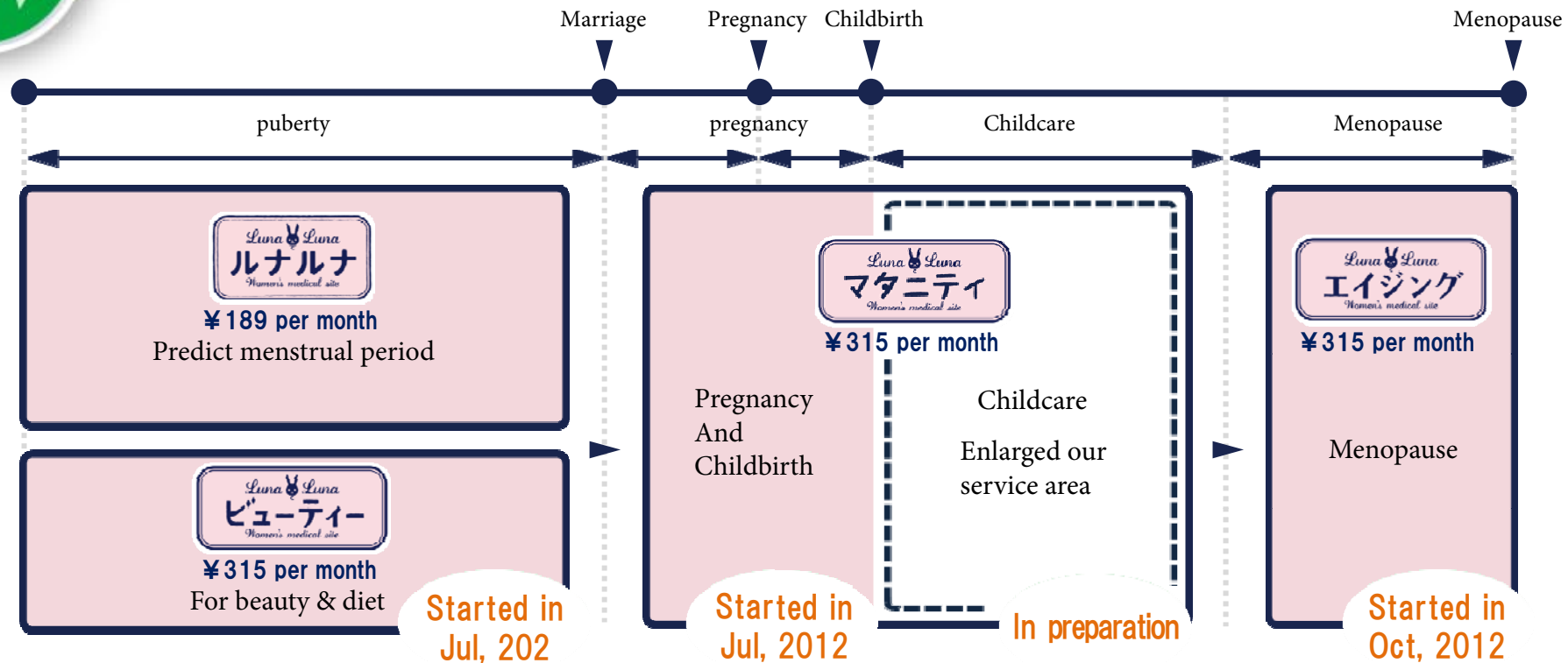
Always adding new genres and products

Enlargement of the Contents Services iv) Healthcare-related



~Responding to the concerns of women~

Developing new female healthcare support services for each life stage.



Menopause support service has started aimed women at their late 30s through 50s!



In preparation for insurance services, too!

New Approach: Enterd into Healthcare-related Business



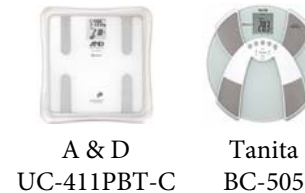
~Simply stand on or attach~
Easy health maintenance



Exhibited CEATEC in October, 2012

Many people were interested in it and gathered at our booth!

Body composition scale



Active mass scale



(Image; transferring data of active mass)

Quantity activities scale



Collaboration with Estella

Passometer



Estella
FS-500A

Yamasa watch
EX-950



Health management as simple as standing on or attaching the applicable healthcare equipment!

Key Point of Consolidated Forecast in the FY2013



Enlarge smartphone market.
Aim to enlarge its market share.



Sales **30,000** millions of yen (617 millions of yen, yoy)

Nowadays we are in the turning point from feature phone to Smartphone.
Subsidiary Jibe Mobile is going strong by system orders.



Operating income **1,710** millions of yen (5 millions of yen increased, yoy)

Strengthen the promotion strategy to focus on the smartphone users.

Consolidated Forecast

(Millions of yen)	FY2013	1 st Half	2 nd Half	FY2012	1 st Half	2 nd Half	YoY	
							Amount (Full-year)	Change(%) (Full-year)
Net sales	30,000	14,500	15,500	29,382	14,681	14,681	+617	+2.1%
Cost of sales	5,650	2,700	2,950	5,665	3,005	2,660	-15	-0.3%
Gross profit	24,350	11,800	12,550	23,716	11,695	12,021	+633	+2.7%
(Gross profit ratio)	81.2%	81.4%	81.0%	80.7%	79.6%	81.9%		
Selling, general and administrative expenses	22,640	11,700	10,940	22,012	10,545	11,466	+627	+2.9%
Operating income	1,710	100	1,610	1,704	1,150	554	+5	+0.3%
(Operating income ratio)	5.7%	0.7%	10.4%	5.8%	7.8%	3.8%		
Ordinary income	1,700	100	1,600	1,697	1,140	557	+2	+0.1%
(Ordinary income ratio)	5.7%	0.7%	10.3%	5.8%	7.8%	3.8%		
Net income	750	50	700	109	176	-67	+640	+585.3%
(Net income ratio)	2.5%	0.3%	4.5%	0.4%	1.2%	—		



Capital Policy

Basic Policy



Coordinate sustainable medium to long term sales / profit growth with the return of profits to our shareholders

Dividend



Placed stable dividend much value

Dividend per share FY2012;

4,000 yen (estimated)

Estimated dividend at the fiscal year ending September 30, 2013: ¥4,000

Acquisition of treasury stocks



Responded flexibly

MTI common stocks is going to be acquired up to

3,750 shares ※¹

(up to 300 millions of yen of acquisition cost)

2.9 % of the shares issued (treasury stocks excluded) ※²

Date of acquisition of treasury stocks: 2012/11/2~12/21

※¹ It may be unable to acquire a portion or all of the planned amount depending on market trends and other factors.

※² Shares issued as of October 31, 2012 (treasury stocks excluded) : 129,287 shares, Treasury stocks; 4,401 shares



4

Appendix

Consolidated Statements of Income (Q4)

(Millions of yen)	FY2012	FY2011	YoY	
	Q4	Q4	Amount	Change (%)
Net sales	7,429	7,855	-425	-5.4%
Cost of sales	1,304	1,673	-368	-22.0%
Gross profit	6,125	6,182	-56	-0.9%
(Gross profit ratio)	82.4%	78.7%		
Selling, general and administrative expenses	6,075	5,323	+752	+14.1%
Operating income	49	858	-809	-94.2%
(Operating income ratio)	0.7%	10.9%		
Ordinary income	50	859	-808	-94.1%
(Ordinary income ratio)	0.7%	10.9%		
Net income	-301	291	-593	—
(Net income ratio)	-4.1%	3.7%		

Selling, General and Administrative Expenses (Q4)

(Millions of yen)	FY2012	FY2011	YoY	
	Q4	Q4	Amount	Change (%)
Total	6,075	5,323	+752	+14.1%
Advertising expenses	2,483	1,495	+987	+66.0%
Personal expenses	1,427	1,452	-25	-1.7
Commission fee	819	892	-72	-8.2%
Subcontract expenses	391	417	-26	-6.3
Depreciation	402	309	+93	+30.1%
Other	552	756	-203	-27.0

Thank you very much.

MTI Ltd.

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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 the 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.