



FY2013 for the 1st Quarter

Financial Results Presentation

MTI Ltd.

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Financial Results Overview

For the 1st Quarter

Financial Highlights for the 1st Quarter

The number of paying subscribers



Smartphones

3.67 million paying subscribers
(+0.54 million, yoy)

Total

8.16 million paying subscribers
(+0.03 million, yoy)

Financial results



Net sales:

7,331 millions of yen
(-154 millions of yen, -2.1%)

Operating income:

214 millions of yen
(-756 millions of yen, -77.9%)

Net income:

185 millions of yen
(+1 millions of yen, +1.0%)

Consolidated Statements of Income

(Millions of yen)	Three months ended September 30, 2013	Three months ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	7,331	7,485	-154	-2.1%
Cost of sales	1,231	1,597	-366	-22.9%
Gross profit	6,099	5,887	+212	+3.6%
(Gross profit ratio)	83.2%	78.7%		
Selling, general and administrative expenses	5,885 Breakdown in the P5	4,916	+968	+19.7%
Operating income	214	970	-756	-77.9%
(Operating income ratio)	2.9%	13.0%		
Ordinary income	216	961	-745	-77.5%
(Ordinary income ratio)	2.9%	12.8%		
Net income	185	183	+1	+1.0%
(Net income ratio)	2.5%	2.5%		

· Steadily increased in the system development orders to consolidated subsidiary Jibe Mobile K.K.

· Decreased in the number of downloads in music contents

· Actively developed advertising campaigns in the release of smartphone new models.

	FY2013	FY2012
Extraordinary gain	44	-
Extraordinary loss	16	283
Income tax	46	329

· Sharply decreased in extraordinary loss.
· Sharply decreased in income taxes-current.

Selling, General and Administrative Expenses

(Millions of yen)	Three months ended September 30, 2013	Three months ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	5,885	4,916	+968	+19.7%
Advertising expenses	2,176	1,348	+827	+61.4%
Personal expenses	1,421	1,377	+43	+3.2%
Commission fee	812	823	-11	-1.4%
Subcontract expenses	440	368	+72	+19.6%
Depreciation	424	314	+110	+35.0%
Other	609	683	-73	-10.8%

· Actively developed advertising campaigns in the release of smartphone new models.

Consolidated Balance Sheets Statements

Net cash is ¥1.91 billion at the end of December 31, 2012
(¥2.40 billion at the end of September 30, 2012)

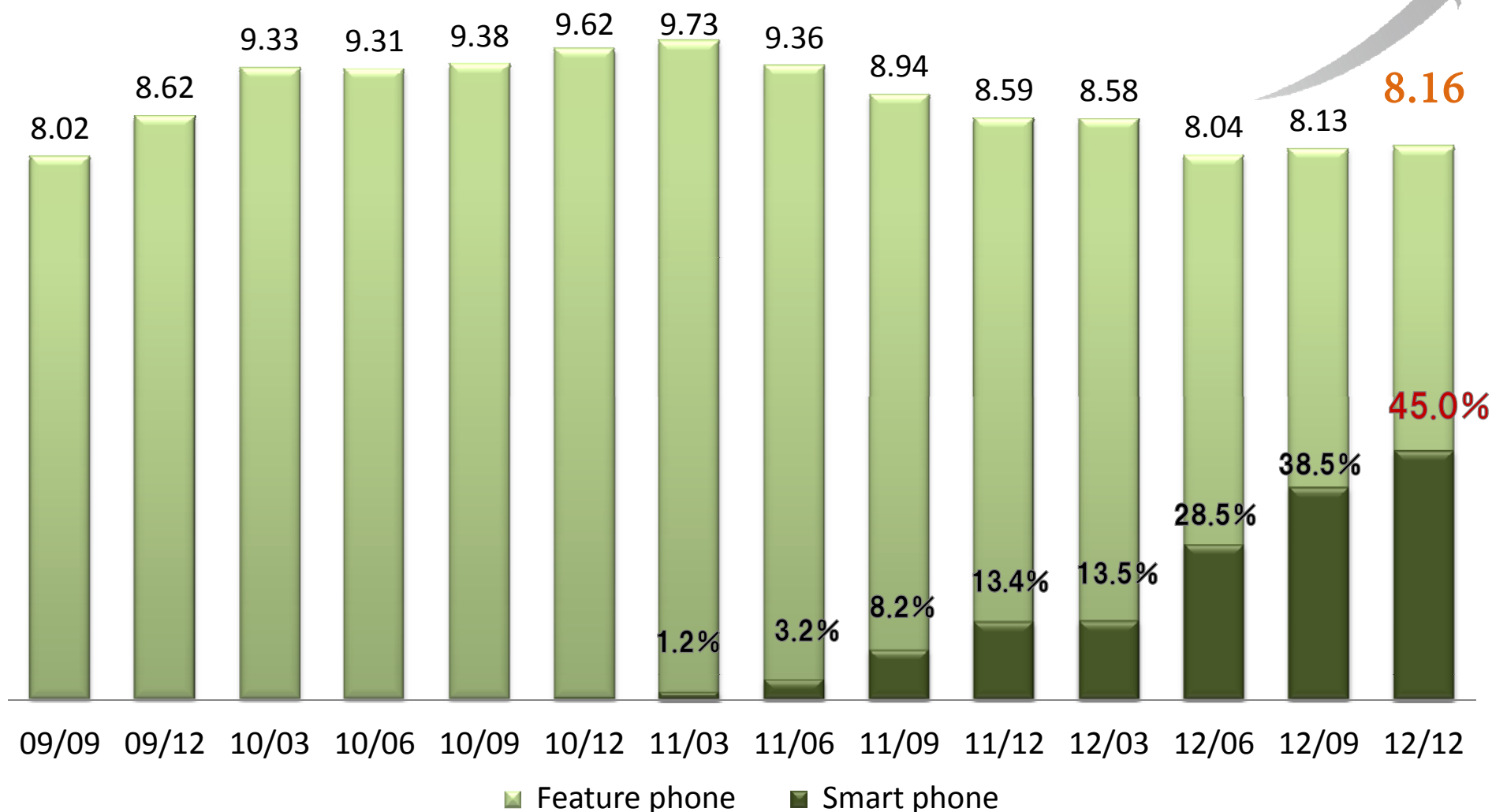
(Millions of yen)	As of December 31, 2012	As of September 30, 2012	Change
Current assets	9,380	9,630	-250
Cash and deposit	2,027	2,563	-535
Accounts receivable-trade	6,245	6,188	+56
Other	1,347	1,147	+200
Allowance for doubtful accounts	-241	-268	+26
Noncurrent assets	4,497	4,340	+156
Tangible fixed assets	213	218	-4
Intangible fixed assets	2,512	2,483	+28
Include software	2,247	2,255	-7
Include goodwill	193	171	+22
Investments and other assets	1,771	1,639	+132
Include investment securities	403	376	+27
Total assets	13,877	13,971	-93

(Millions of yen)	As of December 31, 2012	As of September 30, 2012	Change
Liabilities	4,868	4,566	+301
Accounts payable trade	1,044	1,233	-188
Current portion of long-term loans payable	49	99	-50
Account payable-other	2,548	1,964	+583
Income taxes payable	49	7	+41
Allowance for coin usage	430	420	+9
Other	748	840	+92
Noncurrent liabilities	510	482	+27
Provision for retirement benefits	399	363	+36
Other	110	119	-8
Total liabilities	5,378	5,049	+329
Capital stock	2,562	2,562	-
Capital surplus	3,078	3,078	-
Retained earning	3,062	3,394	-332
Treasury stock	-695	-397	-297
Subscription rights to shares	225	211	+13
Minority interest	220	64	+155
Other	44	7	37
Net assets	8,499	8,922	-423
Total liabilities and net assets	13,877	13,971	-93

Business Overview i)The Total Number of Paying Subscribers

8.16 million payingsubscribers (+0.03 million, yoy)

Regrowth

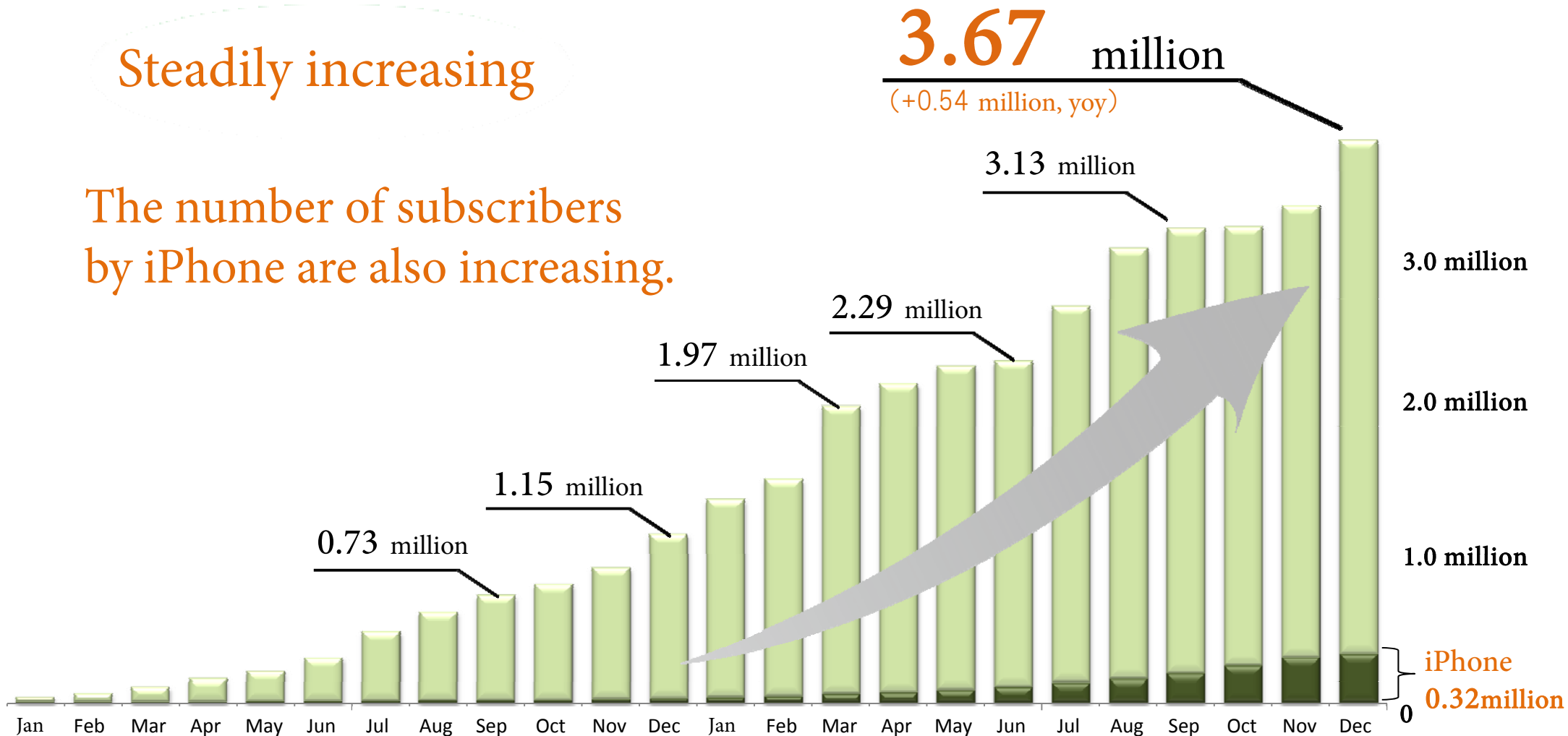


Quarterly change in the number of paying subscribers

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

Steadily increasing

The number of subscribers by iPhone are also increasing.



Monthly change in the number of paying subscribers for smartphones

Business Overview docomo"d-menu" Ranking

**No.1 Continued
on the docomo"d-menu"
in each category .**



New services ranked up on the list!



※ Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of January 21, 2013

Business Overview e-Book Service

Steadily increased in paying subscribers.



¥315 per month
All-you-can-read novels



iPhone
Android



iOS, Android
Tablets



Windows8



¥315 per month
All-you-can-hear audio books



Android



iOS, Android
Tablets



Windows8

Under repair
for adoption
to iPhone



©AIUEOKAN Co.,Ltd./Syogo Hirata



¥315 to ¥5250 per month
All-you-can-read comics

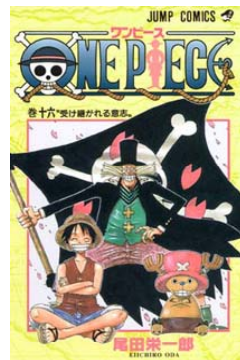


Android



Android
Tablets

Under repair
for adoption
to iOS and
Windows8



©Eiichiro Oda/SHUEISHA Inc.



¥315 per month
All-you-can-look at photo books



iPhone
Android



iOS, Android
Tablets



Windows8





Received steady orders for the development of carrier systems.



◀ "twitter", "mixi", "Facebook", "GREE"
can be operated for only one time line.

Social news viewer
Available for checking in real time
news checked by friends of yours.



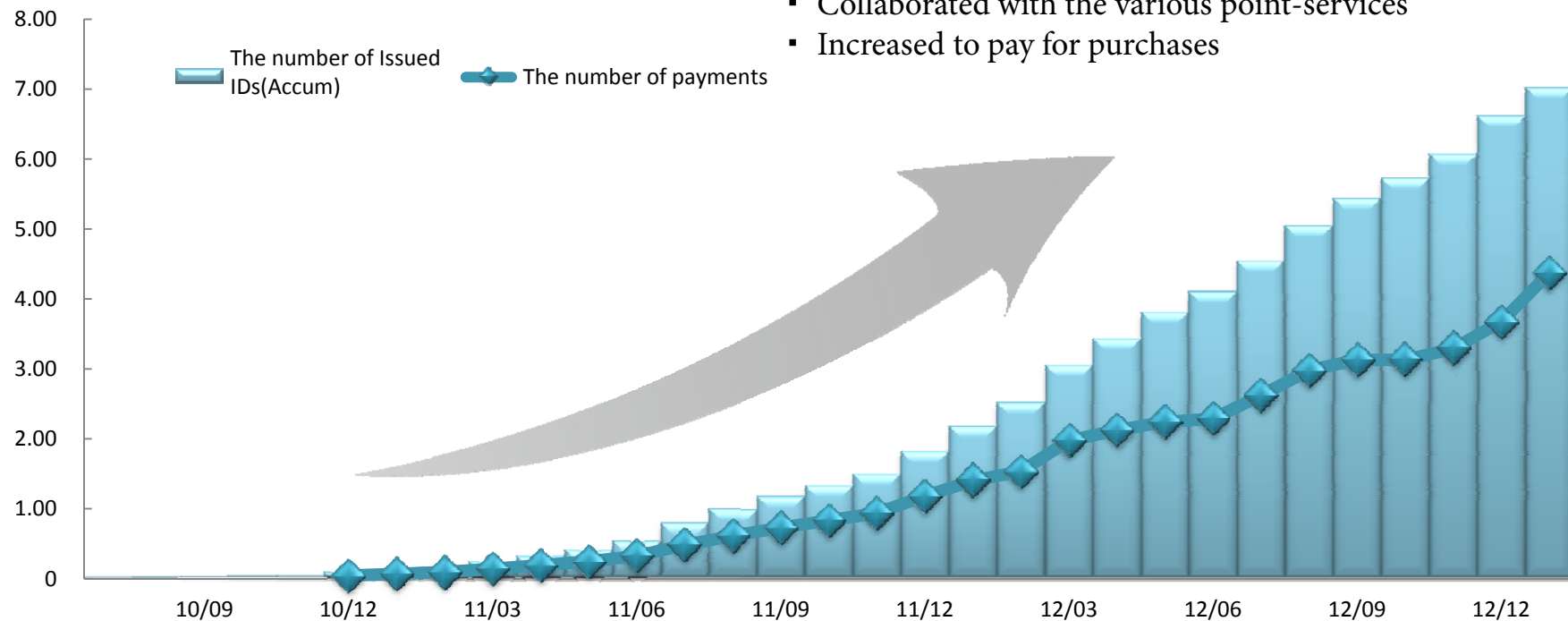
Business Overview mopita Business

Authentication and payment platform



Achieved
7.00 million
issued IDs

(Unit : million)



- Collaborated with the various point-services
- Increased to pay for purchases

Available payment means



auかんたん決済

S! まとめて支払い

SMART SERVICE

YAHOO! JAPAN ウォレット

T-POINT

PayPal

楽天 Edy

楽天 あんしん 支払いサービス

モバイル Suica

永久不滅 ポイント



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

New Approach

☐ After the 1st Quarter

Basic Policy of the FY2013

Expansion in the Number of Paying Subscribers



Focus on iPhone Users



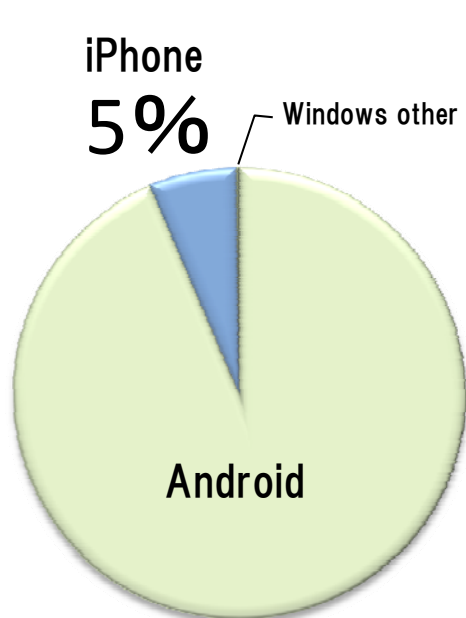
Enlargement of Contents Services



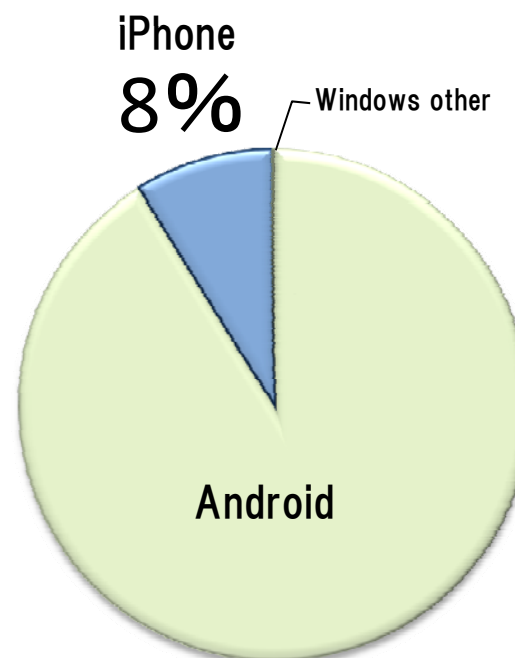
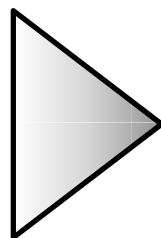
New Approach

Focus on iPhone Users

Makeup of MTI Ltd. smartphone subscribers by the OS



As of September 30, 2012
3.13 million

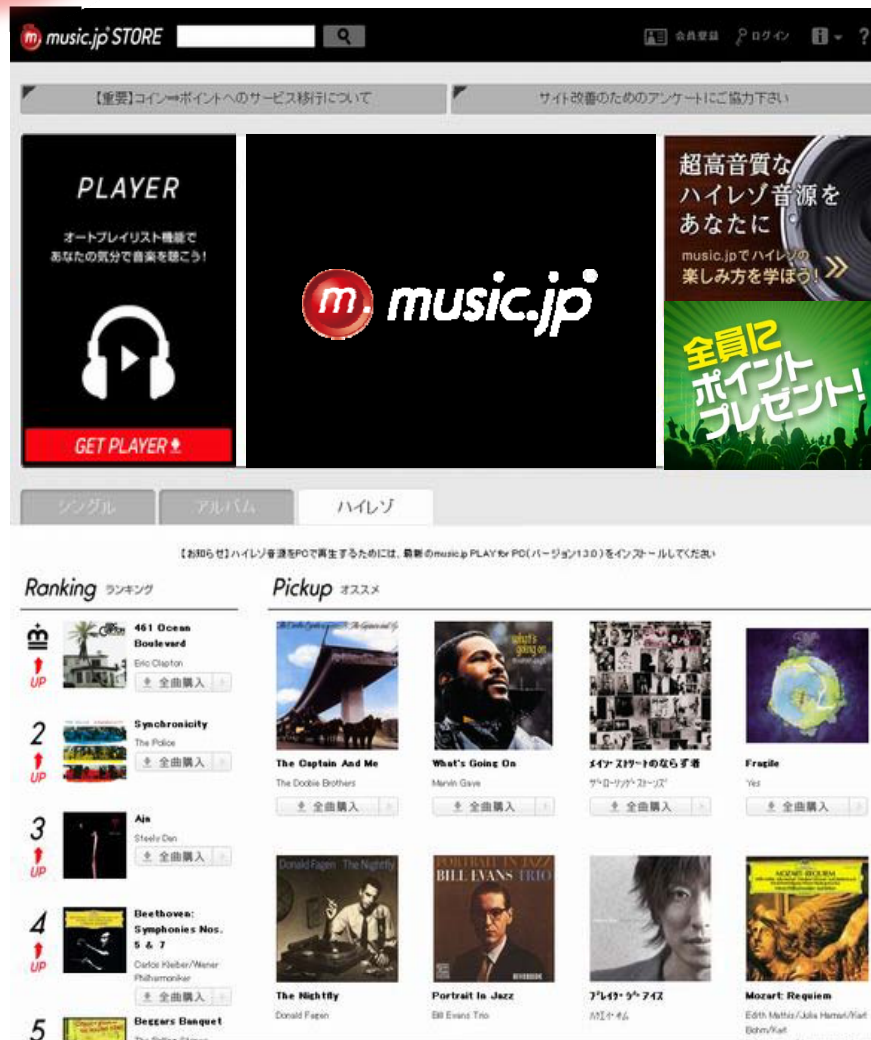


As of December 31, 2012
3.67 million

Enlargement of Contents Services i) music.jp

Started in
Jan, 2013

~ Distribution service of the high-quality sound high resolution ~



What's “high resolution”?

- Sound quality:
24bit/ 96kHz, 24bit/192kHz etc.
(CD; 16bit/44.1kHz)
- Device with play functions:
High sound quality audio players/PCs
- Music data with broad frequency
recording range
→ Sense of reality for richer music enjoyment.

Each song can be sampled
for 90 seconds before downloading.

Enlargement of Contents Services ii) Luna Luna

～From free service to subscribers service～

Free application service



- Diet Record and management
- Basal body temperature Record and management

Subscribing per month service

¥189 per month



¥263 per month



¥315 per month



¥315 per month



～Option service～

¥315 per month



Check with partners' healthcare

¥315 per month



Insurance service related to childbirth and hospitalization

Started in
Jan, 2013

New Approach i) Healthcare-related Service



Membership registration
¥315 per month



- Consult to specialist lightly.
- Genetic test ordered gene kit.

1st “Gene kit”

カラダメデカ
遺伝子ダイエット



Started in
Dec, 2012

Inspection kit 3,980 yen

• Diet record and management

• Diagnostic result



2nd “Gene kit”

“Karadamedica
gene skin care”

In preparation

3rd “Gene kit”

In preparation

New Approach ii) Social Activation

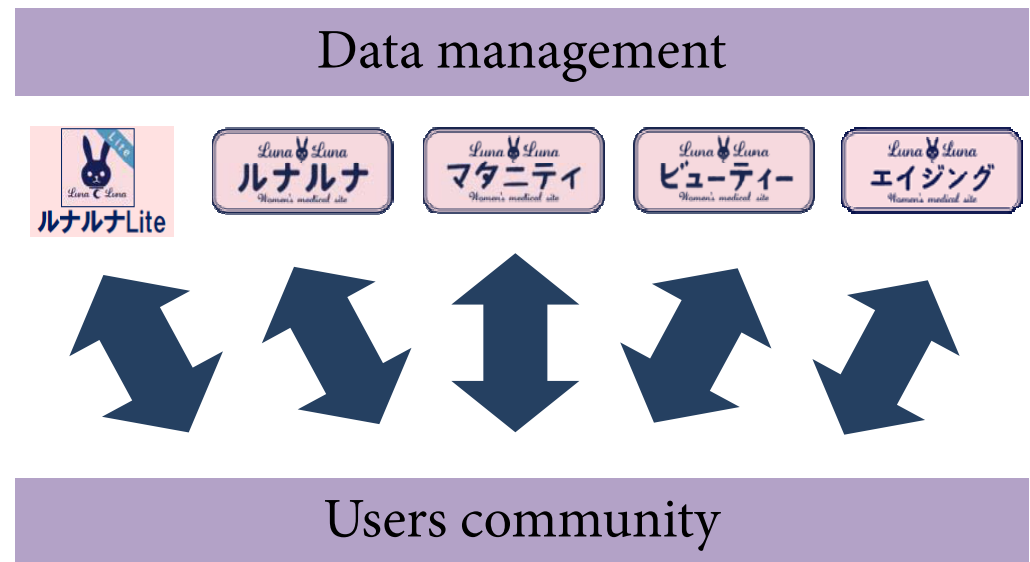
～For enlargement of our fans in main contents～



Search portal created by own users



Activates the whole music market!



300 thousand members



Earnings Forecast for the First half

(Millions of yen)	Q1 result	1st half forecast	Progress ratio
Net sales	7,331	14,500	50.6%
Cost of sales	1,231	2,700	45.6%
Gross profit	6,099	11,800	51.7%
(Gross profit ratio)	83.2%	81.4%	
Selling, general and administrative expenses	5,885	11,700	50.3%
Operating income	214	100	214.6%
(Operating income ratio)	2.9%	0.7%	
Ordinary income	216	100	216.0%
(Ordinary income ratio)	2.9%	0.7%	
Net income	185	50	370.7%
(Net income ratio)	2.5%	0.3%	

No forecast revision

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· Actively developed advertising campaigns in the release of smartphone new models.

Appendix

Trends in Consolidated Statements of Income

(Millions of yen)	Year ended September 30, 2012				Year ended September 30, 2013
	Q1	Q2	Q3	Q4	Q1
Net sales	7,485	7,215	7,251	7,429	7,331
Cost of sales	1,597	1,407	1,355	1,304	1,231
Gross profit	5,887	5,807	5,896	6,125	6,099
(Gross profit ratio)	78.7%	80.5%	81.3%	82.4%	83.2%
Selling, general and administrative expenses	4,916	5,628	5,391	6,075	5,885
Operating income	970	179	504	49	214
(Operating income ratio)	13.0%	2.5%	7.0%	0.7%	2.9%
Ordinary income	961	178	506	50	216
(Ordinary income ratio)	12.8%	2.5%	7.0%	0.7%	2.9%
Net income	183	-6	234	-301	185
(Net income ratio)	2.5%	-0.1%	3.2%	-4.1%	2.5%

Trends in Consolidated Selling, General and Administrative Expenses

(Millions of yen)	Year ended September 30, 2012				Year ended September 30, 2013
	Q1	Q2	Q3	Q4	Q1
Total	4,916	5,628	5,391	6,075	5,885
Advertising expenses	1,348	2,104	1,714	2,483	2,176
Personal expenses	1,377	1,258	1,457	1,427	1,421
Commission fee	823	824	821	819	812
Subcontract expenses	368	407	376	391	440
Depreciation	314	343	373	402	424
Other	683	689	647	552	609

Thank you very much.

MTI Ltd.

〈Contact us〉

Planning Relations & Investor Relations Development

TEL:+81-3-5333-6323 FAX:+81-3-3320-0189

Mail:ir@mti.co.jp

www.mti.co.jp

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