



FY2013 for the 2nd Quarter

Financial Results Presentation

MTI Ltd.

CONTENTS

P2 Overview of Consolidated Financial Results for the 2nd Quarter

- P3** Financial Highlights for the 2nd Quarter
- P4** Consolidated Statements of Income
- P5** Selling, General and Administrative Expenses
- P6** Consolidated Balance Sheets Statements
- P7** Business Overview

P11 Revision to Full-Year Forecast


P15 New Approach in or after the 2nd Half of the Fiscal Year

- P16** Basic Policy in the 2nd Half of the Fiscal Year
- P17** Enlargement of Contents Services
- P20** New Approach
- P21** Focus on iPhone Users

P23 Appendix



Financial Results Overview

 For the 2nd Quarter

Financial Highlights for the 2nd Quarter

The number of paying subscribers



Smartphone: **4.26** million paying subscribers
(**+0.59** million compared to December 31, 2012)

New record in March

The number of new paying subscribers of the smartphone

Financial results



Total: **8.26** million paying subscribers
(**+0.10** million compared to December 31, 2012)

Net sales: **14,822** millions of yen
(+122 millions of yen, +0.8%, year on year)

Operating income: **-107** millions of yen
(-1,257 millions of yen, year on year)

Net income: **-121** millions of yen
(-298 millions of yen, year on year)

Consolidated Statements of Income

(Millions of yen)	Six months ended September 30, 2013	Six months ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	14,822	14,700	+122	+0.8%
Cost of sales	2,517	3,005	-487	-16.2%
Gross profit	12,305	11,695	+609	+5.2%
(Gross profit ratio)	83.0%	79.6%		
Selling, general and administrative expenses	12,412 <small>Breakdown in the P5</small>	10,545	+1,867	+17.7%
Operating income	-107	1,150	-1,257	-
(Operating income ratio)	-0.7%	7.8%		
Ordinary income	-96	1,140	-1,237	-
(Ordinary income ratio)	-0.7%	7.8%		
Net income	-121	176	-298	-
(Net income ratio)	-0.8%	1.2%		

· Decreased in the number of downloads in music contents

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

	FY2013	FY2012
Extraordinary income	44	-
Extraordinary loss	111	381
Income tax	-65	594

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

Selling, General and Administrative Expenses

(Millions of yen)	Six months ended September 30, 2013	Six months ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	12,412	10,545	+1,867	+17.7%
Advertising expenses	4,901	3,453	+1,448	+41.9%
Personal expenses	2,833	2,636	+197	+7.5%
Commission fee	1,635	1,648	-13	-0.8%
Subcontract expenses	916	776	+140	+18.1%
Depreciation	865	658	+207	+31.5%
Other	1,259	1,372	-113	-8.2%

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

Consolidated Balance Sheets Statements

Net cash was 1.85 billions of yen as of March 31, 2013 (2.40 billions of yen as of September 30, 2012)

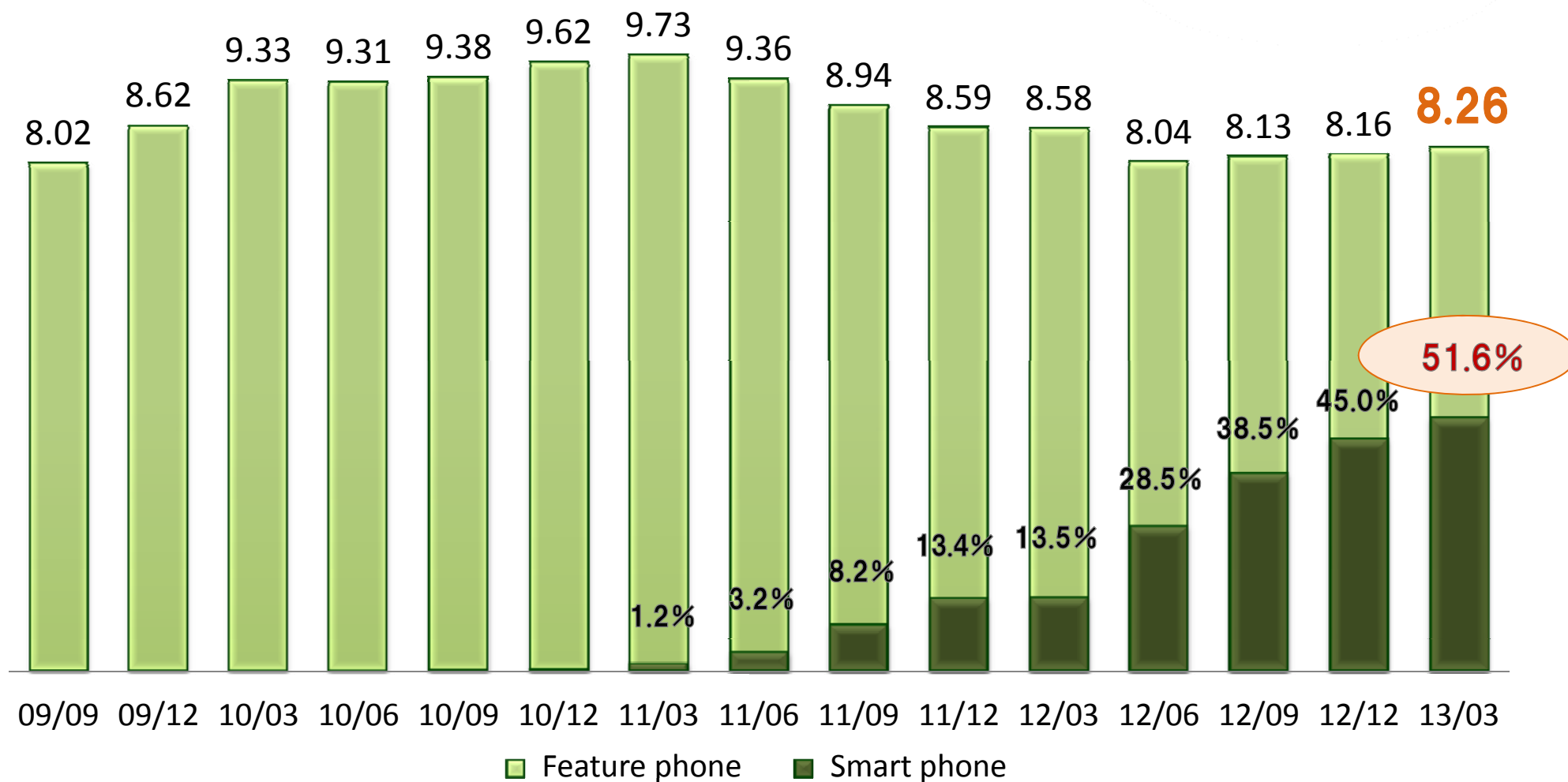
(Millions of yen)	As of March 31, 2013	As of September 30, 2012	Change
Current assets	9,188	9,630	-442
Cash and deposit	1,927	2,563	-636
Accounts receivable-trade	6,418	6,188	+229
Other	1,062	1,147	-84
Allowance for doubtful accounts	-219	-268	+48
Noncurrent assets	4,583	4,340	+242
Property, plant and equipment	205	218	-12
Intangible fixed assets	2,637	2,483	+153
Include software	2,389	2,255	+134
Include goodwill	173	171	+2
Investments and other assets	1,740	1,639	+101
Include investment securities	332	376	-43
Total assets	13,771	13,971	-199

(Millions of yen)	As of March 31, 2012	As of September 30, 2012	Change
Liabilities	5,000	4,566	+433
Accounts payable-trade	1,015	1,233	-217
Current portion of convertible bonds	74	62	+11
Current portion of long-term loans payable	-	99	-99
Account payable-other	2,758	1,964	+793
Income taxes payable	77	7	+69
Allowance for coin usage	389	420	-31
Other	685	777	-91
Noncurrent liabilities	557	482	+74
Provision for retirement benefits	436	363	+73
Other	120	119	+1
Total liabilities	5,557	5,049	+508
Capital stock	2,562	2,562	-
Capital surplus	3,078	3,078	-
Retained earning	2,756	3,394	-638
Treasury stock	-695	-397	-297
Subscription rights to shares	245	211	+33
Minority interest	222	64	+158
Other Comprehensive income	44	7	+36
Net assets	8,214	8,922	-708
Total liabilities and net assets	13,771	13,971	-199

Business Overview: the Total Number of Paying Subscribers

8.26 million paying subscribers (+0.10 millions, compared to December 31, 2012)

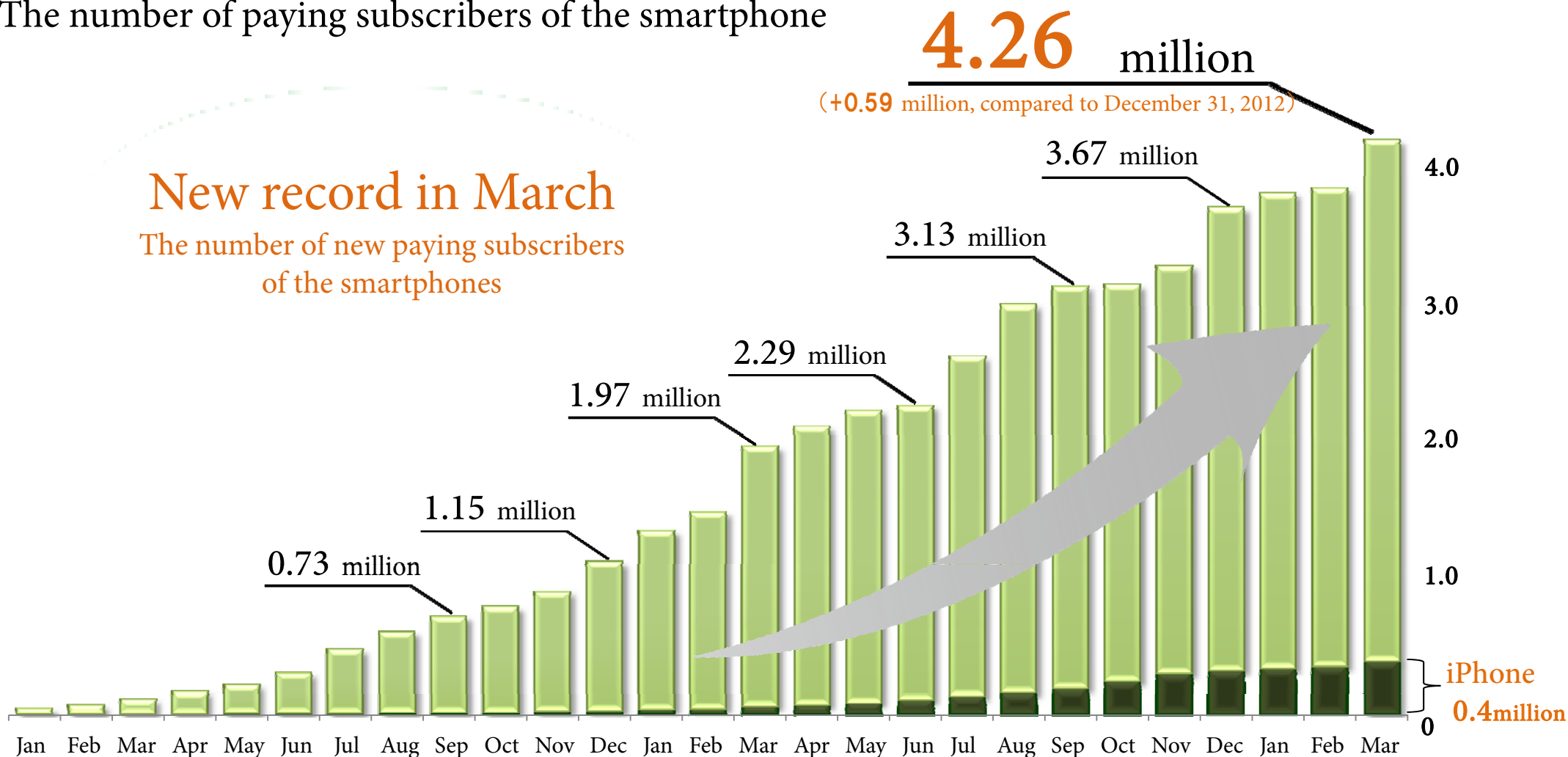
**Smartphone
with a majority**



Quarterly change in the number of paying subscribers

Business Overview: the Number of Paying Subscribers(Smartphone)

The number of paying subscribers of the smartphone



Monthly change in the number of paying subscribers for smartphone

Business Overview: docomo "d-menu" Ranking

11 contents No.1 ~ win a sweeping victory ~



©Miyuki Miyabe ©Eiichiro Oda/SHUEISHA Inc.

No.2



No.3

©Emi Takei/ Kindaiegasha Co.,Ltd.

※ Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of April 15, 2013

Business Overview: mopita business

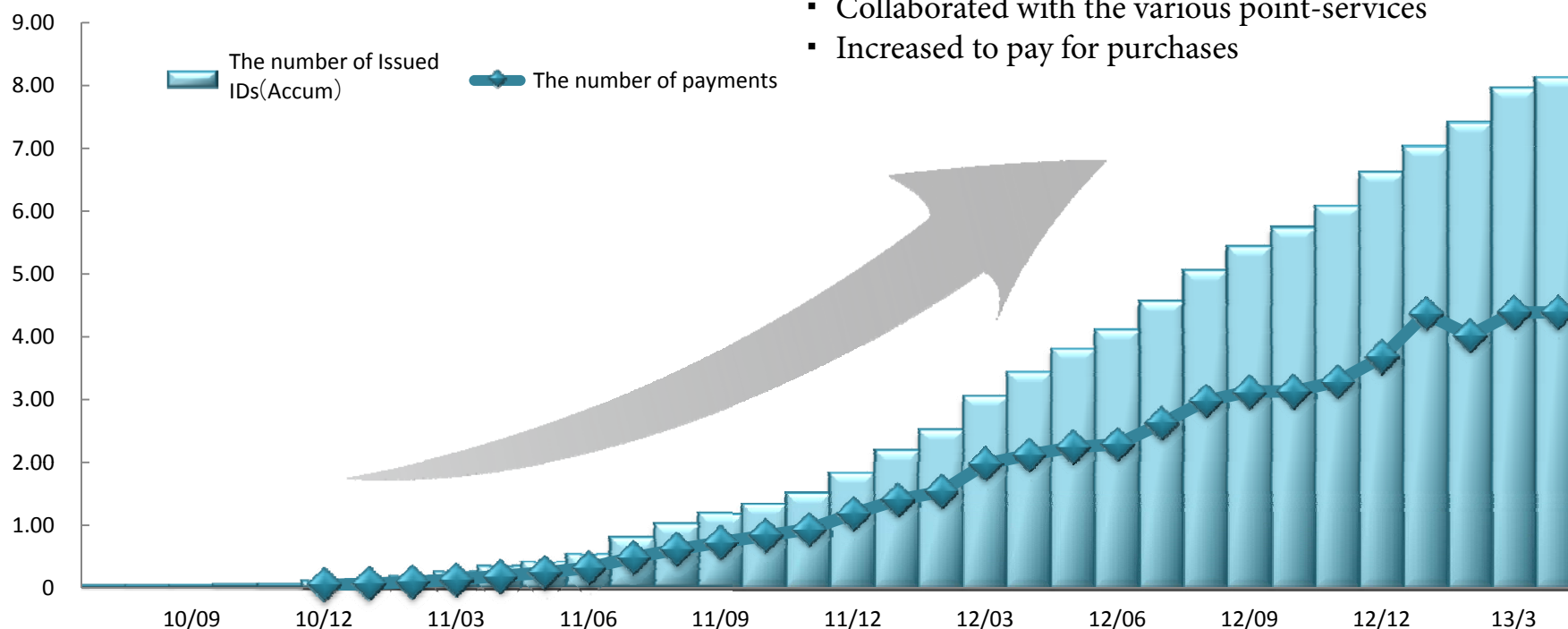
Authentication and payment platform



Achieved

8.00 million
issued IDs

- 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

※ Softbank payment

SMART SERVICE

YAHOO! JAPAN ウォレット

T-POINT



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

Forecast

 Revision to Full-Year Forecast

Difference between the Result and the Earnings Forecast in the 2nd Quarter

(Millions of yen)	Six months ended September 30, 2013		Change	
	(Actual)	(Forecast)	Amount	Ratio(%)
Net sales	14,822	14,500	+322	+2.2%
Cost of sales	2,517	2,700	-182	-6.8%
Selling, general and administrative expenses	12,412	11,700	+712	+6.1%
Operating income	-107	100	-207	-
(Operating income ratio)	-0.7%	0.7%		
Ordinary income	-96	100	-196	-
(Ordinary income ratio)	-0.7%	0.7%		
Net income	-121	50	-171	-
(Net income ratio)	-0.8%	0.3%		

- Net sales: Maintained the same level as the same period last year.
- Operating income: Ordinary income showed losses due to an increase in advertising expenses in order to further increase the number of paying subscribers.

Revision to Earnings Forecast for the FY2013

(Millions of yen)	Fiscal year ended September 30, 2013		Change	
	(Actual)	(Forecast)	Amount	Ratio(%)
Net sales	29,400	30,000	-600	-2.0%
Cost of sales	5,000	5,650	-650	-11.5%
Selling, general and administrative expenses	23,900	22,640	+1,260	+5.6%
Operating income	500	1,710	-1,210	-70.8%
(Operating income ratio)	1.7%	5.7%		
Ordinary income	470	1,700	-1,230	-72.4%
(Ordinary income ratio)	1.6%	5.7%		
Net income	150	750	-600	-80.0%
(Net income ratio)	0.5%	2.5%		

- Net sales: Revised the same level as the same period last year.
- Operating income: Aim at gain firmly by an improvement of promotion and a cost management.

Revision to the Dividend Forecast

Basic Policy



【 Dividend policy】

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

Dividend



Annual dividend per share will be

40 yen → 20 yen

We conducted a 100-for-1 share split which became effective as of April 1, 2013.

New Approach

 In or after the 2nd Half of the Fiscal Year

Expansion in the number of paying subscribers

- Shift from featurephones to smartphones



Improvement of efficiency in promotion

- Improvement of yield rate

Enlargement of Contents Specialized Smartphone Services



Business & Capital Alliance with Video Market Corporation

To Develop a U stream channel business



MTI Ltd.

More than

70,000

delivery program performances

- Movie ▪ Drama
- Animation ▪ Variety
- Deliver program missed out

Promotion

Know-How



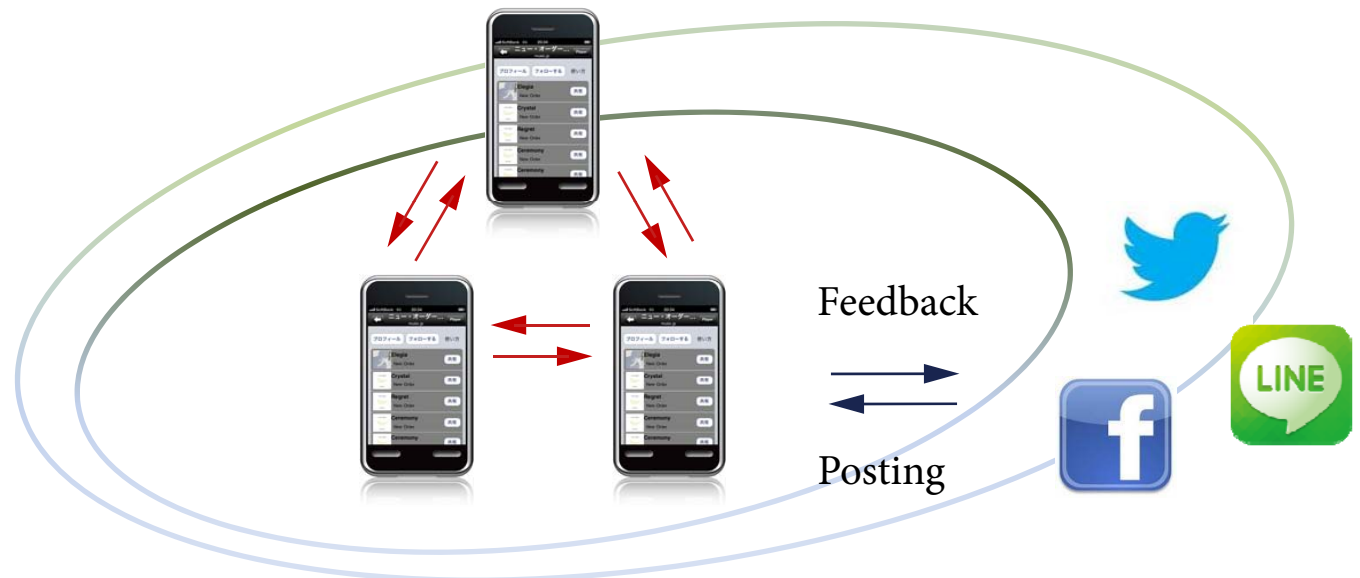
Synergy

Enlargement of Contents Specialized Smartphone Services



Music Play List Share Service

You can search your friends on the SNS.

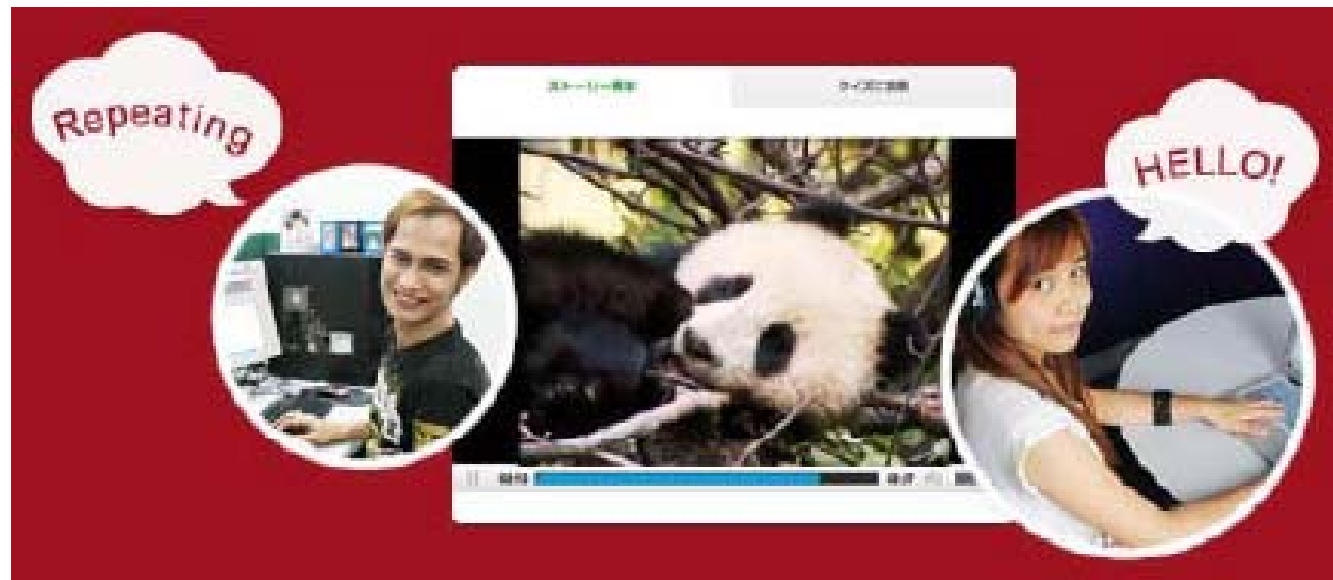


Enlargement of Contents Specialized Smartphone Services

～ Good partner with harried businessmen ～



Started B to B Service



iPhone
Android



iOS, Android
Tablets



Windows8

Corporates : **6,000 yen/month** ~
Individuals : **500 yen/month** ~

eサラダ

検索

MTI Ltd.

P19

New Approach

Entered into the wearable appliance market earlier

Record of daily activities! *Karadafit MTN-200*

～ You can record your daily activities by only wearing the smallest appliance in the world. ～

This Application can check your burning calories and will help your diet with easy and joy.



Fashionable diet supporter
Karadafit



カロリーわかる→カラダかわる
CAL memo

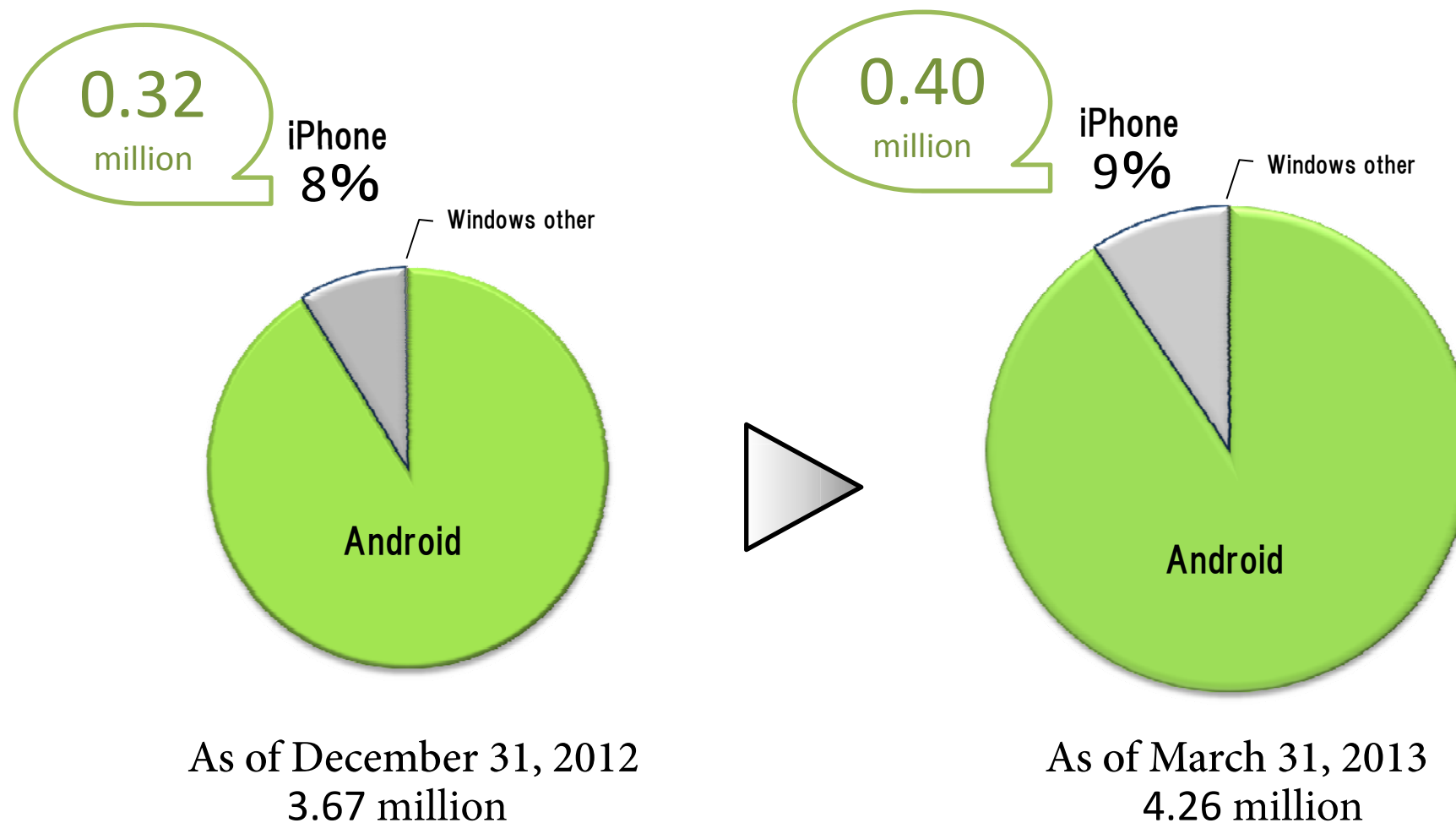
by ルナルナ ビューティー



- Open price (Android)
※LunaLuna smartphone membership price : 1,980 yen
- Amazon/Electronics retail stores
- iPhone edition will be released on this summer.

Focus on iPhone Users

Makeup of MTI Ltd. smartphone subscribers by the OS



Earnings Forecast for the Full-year Term

(Millions of yen)	Fiscal year ended September 30, 2013			Fiscal year ended September 30, 2012			Change	
	Full-year	1 st half	2 nd half	Full-year	1 st half	2 nd half	Amount (Full-year)	Ratio(%) (Full-year)
Net sales	29,400	14,822	14,577	29,382	14,700	14,681	+17	+0.1%
Cost of sales	5,000	2,517	2,482	5,665	3,005	2,660	-665	-11.7%
Selling, general and administrative expenses	23,900	12,412	11,487	22,012	10,545	11,466	+1,889	+8.6%
Operating income	500	-107	607	1,704	1,150	554	-1,204	-70.7%
(Operating income ratio)	1.7%	-0.7%	4.2%	5.8%	7.8%	3.8%	-	-
Ordinary income	470	-96	566	1,697	1,140	557	-1,227	-72.3%
(Ordinary income ratio)	1.6%	-0.7%	3.9%	5.8%	7.8%	3.8%	-	-
Net income	150	-121	271	109	176	-67	+40	+37.1%
(Net income ratio)	0.5%	-0.8%	1.9%	0.4%	1.2%	-0.5%	-	-

Appendix

Consolidated Statements of Income (Q2)

(Millions of yen)	Six months ended September 30, 2013	Six months ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	7,491	7,215	+276	+3.8%
Cost of sales	1,286	1,407	-120	-8.6%
Gross profit	6,205	5,807	+397	+6.8%
(Gross profit ratio)	82.8%	80.5%		
Selling, general and administrative expenses	6,527	5,628	+898	+16.0%
Operating income	-321	179	-501	-
(Operating income ratio)	-4.3%	2.5%		
Ordinary income	-312	178	-491	-
(Ordinary income ratio)	-4.2%	2.5%		
Net income	-306	-6	-300	-
(Net income ratio)	-4.1%	-0.1%		

Selling, General and Administrative Expenses (Q2)

(Millions of yen)	Six months ended September 30, 2013	Six months ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	6,527	5,628	+898	+16.0%
Advertising expenses	2,724	2,104	+620	+29.5%
Personal expenses	1,412	1,258	+153	+12.2%
Commission fee	823	824	-1	-0.2%
Subcontract expenses	476	407	+68	+16.8%
Depreciation	440	343	+97	+28.4%
Other	649	689	-39	-5.7%

Trends in Consolidated Statements of Income

(Millions of yen)	Fiscal year ended September 30, 2012				Fiscal year ended September 30, 2013	
	Q1	Q2	Q3	Q4	Q1	Q2
Net sales	7,485	7,215	7,251	7,429	7,331	7,491
Cost of sales	1,597	1,407	1,355	1,304	1,231	1,286
Gross profit	5,887	5,807	5,896	6,125	6,099	6,205
(Gross profit ratio)	78.7%	80.5%	81.3%	82.4%	83.2%	82.8%
Selling, general and administrative expenses	4,916	5,628	5,391	6,075	5,885	6,527
Operating income	970	179	504	49	214	-321
(Operating income ratio)	13.0%	2.5%	7.0%	0.7%	2.9%	-4.3%
Ordinary income	961	178	506	50	216	-312
(Ordinary income ratio)	12.8%	2.5%	7.0%	0.7%	2.9%	-4.2%
Net income	183	-6	234	-301	185	-306
(Net income ratio)	2.5%	-0.1%	3.2%	-4.1%	2.5%	-4.1%

Trends in Consolidated Selling, General and Administrative Expenses

(Millions of yen)	Fiscal year ended September 30, 2012				Fiscal year ended September 30, 2013	
	Q1	Q2	Q3	Q4	Q1	Q2
Total	4,916	5,628	5,391	6,075	5,885	6,527
Advertising expenses	1,348	2,104	1,714	2,483	2,176	2,724
Personal expenses	1,377	1,258	1,457	1,427	1,421	1,412
Commission fee	823	824	821	819	812	823
Subcontract expenses	368	407	376	391	440	476
Depreciation	314	343	373	402	424	440
Other	683	689	647	552	609	649

Thank you very much.

MTI Ltd.

〈Contact us〉

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