



For the Year ended September 30, 2013 Financial Results Presentation

MTI Ltd.

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Financial Results Overview

 For the Year ended September 30, 2013

Financial Highlights



The number
of paying subscribers

Smartphone: **4.76** million paying subscribers
(**+1.63** million compared to September 30, 2012)

Total: **8.04** million paying subscribers
(**+0.1** million compared to June 30, 2013)



Financial results

Net sales: **30,160** millions of yen
(+778 millions of yen, +2.7%, year on year)

Operating income: **1,149** millions of yen
(-555 millions of yen, -32.6%, year on year)

Net income: **516** millions of yen
(+407 millions of yen, +372.0%, year on year)



Dividends

Year-end dividend: **25** yen per share (Planned)
(-15 yen, year on year The latest forecast was 20 yen.)

Consolidated Statements of Income

(Millions of yen)	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2012	Change	
			Amount	Ratio(%)
Net sales	30,160	29,382	+778	+2.7%
Cost of sales	5,336	5,665	-328	-5.8%
Gross profit	24,824	23,716	+1,107	+4.7%
(Gross profit ratio)	82.3%	80.7%		
Selling, general and administrative expenses	23,675 Breakdown in the P5	22,012	+1,663	+7.6%
Operating income	1,149	1,704	-555	-32.6%
(Operating income ratio)	3.8%	5.8%		
Ordinary income	1,119	1,697	-577	-34.0%
(Ordinary income ratio)	3.7%	5.8%		
Net income	516	109	+407	+372.0%
(Net income ratio)	1.7%	0.4%		

· Decreased in the number of downloads in music contents

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

	FY2013	FY2012
Extraordinary income	93	-
Extraordinary loss	205	739
Income taxes-current	454	840
Minority interests in income	36	8

· Decreased in extraordinary loss.
· Decreased in income taxes-current.

Selling, General and Administrative Expenses

(Millions of yen)	Fiscal year ended September 30, 2013	Fiscal year ended September 30, 2012	Change	
			Amount	Ratio(%)
Total	23,675	22,012	+1,663	+7.6%
Advertising expenses	8,702	7,651	+1,050	+13.7%
Personal expenses	5,722	5,519	+202	+3.7%
Commission fee	3,227	3,289	-61	-1.9%
Subcontract expenses	1,741	1,543	+197	+12.8%
Depreciation	1,802	1,434	+368	+25.7%
Other	2,479	2,573	-94	-3.7%

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

Consolidated Balance Sheets Statements

Net cash was 2.83 billions of yen as of September 30, 2013 (2.40 billions of yen as of September 30, 2012)

(Millions of yen)	As of September 30, 2013	As of September 30, 2012	Change
Current assets	10,768	9,630	+1,137
Cash and deposit	3,416	2,563	+852
Accounts receivable-trade	6,376	6,188	+188
Other	1,141	1,147	-5
Allowance for doubtful accounts	-166	-268	+101
Noncurrent assets	4,878	4,340	+537
Property, plant and equipment	175	218	-42
Intangible fixed assets	2,590	2,483	+106
Include software	2,346	2,255	+91
Include goodwill	133	171	-37
Investments and other assets	2,112	1,639	+473
Include investment securities	714	376	+338
Total assets	15,646	13,971	+1,674

(Millions of yen)	As of September 30, 2013	As of September 30, 2012	Change
Liabilities	5,687	4,566	+1,120
Accounts payable-trade	942	1,233	-290
Current portion of bonds	78	62	+15
Current portion of long-term loans payable	-	99	-99
Account payable-other	2,334	1,964	+369
Income taxes payable	637	7	+629
Allowance for coin usage	382	420	-38
Other	1,311	777	+534
Noncurrent liabilities	1,090	482	+607
Long-term loans payable	500	-	+500
Provision for retirement benefits	509	363	+146
Other	80	119	-39
Total liabilities	6,777	5,049	+1,728
Capital stock	2,562	2,562	-
Capital surplus	3,078	3,078	-
Retained earning	3,393	3,394	-0
Treasury stock	-695	-397	-297
Other comprehensive income	62	7	+55
Subscription rights to shares	227	211	+15
Minority interest	239	64	+174
Net assets	8,869	8,922	-53
Total liabilities and net assets	15,646	13,971	+1,674

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	Q3	Q4
Net sales	7,485	7,215	7,251	7,429	7,331	7,491	7,762	7,575
Cost of sales	1,597	1,407	1,355	1,304	1,231	1,286	1,427	1,391
Gross profit	5,887	5,807	5,896	6,125	6,099	6,205	6,334	6,184
(Gross profit ratio)	78.7%	80.5%	81.3%	82.4%	83.2%	82.8%	81.6%	81.6%
Selling, general and administrative expenses	4,916	5,628	5,391	6,075	5,885	6,527	5,500	5,762
Operating income	970	179	504	49	214	-321	834	422
(Operating income ratio)	13.0%	2.5%	7.0%	0.7%	2.9%	-4.3%	10.7%	5.6%
Ordinary income	961	178	506	50	216	-312	832	384
(Ordinary income ratio)	12.8%	2.5%	7.0%	0.7%	2.9%	-4.2%	10.7%	5.1%
Net income	183	-6	234	-301	185	-306	443	194
(Net income ratio)	2.5%	-0.1%	3.2%	-4.1%	2.5%	-4.1%	5.7%	2.6%

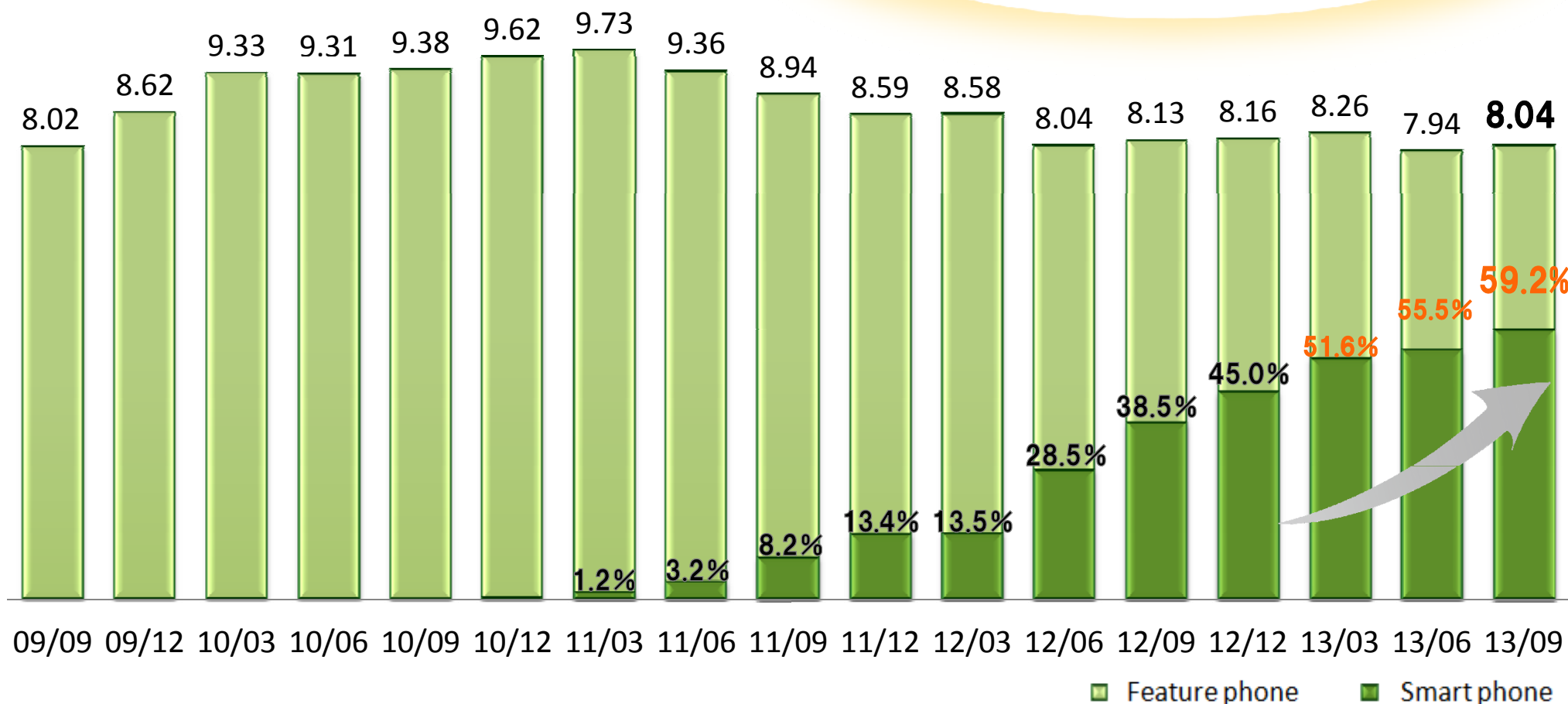
Trends in Consolidated Selling, General and Administrative Expenses

(Millions of yen)	Fiscal year ended September 30, 2012				Fiscal year ended September 30, 2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Total	4,916	5,628	5,391	6,075	5,885	6,527	5,500	5,762
Advertising expenses	1,348	2,104	1,714	2,483	2,176	2,724	1,780	2,019
Personal expenses	1,377	1,258	1,457	1,427	1,421	1,412	1,422	1,465
Commission fee	823	824	821	819	812	823	785	807
Subcontract expenses	368	407	376	391	440	476	413	410
Depreciation	314	343	373	402	424	440	462	474
Other	683	689	647	552	609	649	635	584

Business Overview: The Total Number of Paying Subscribers

8.04 million paying subscribers
(+0.1million, compared to June 30, 2013)

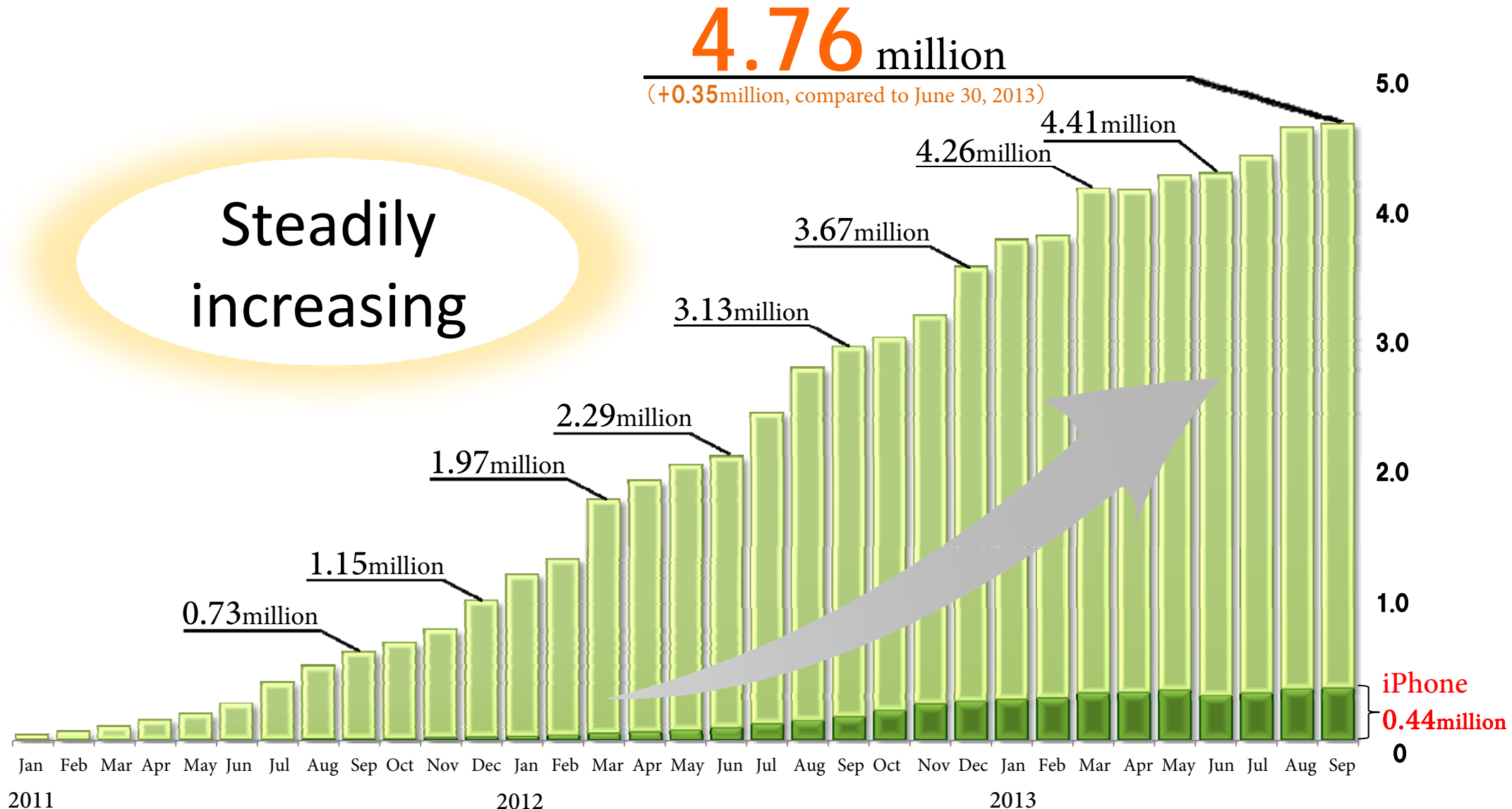
Smartphone Ratio
about 60%



Quarterly change in the number of paying subscribers

Business Overview: the Number of Paying Subscribers(Smartphone)

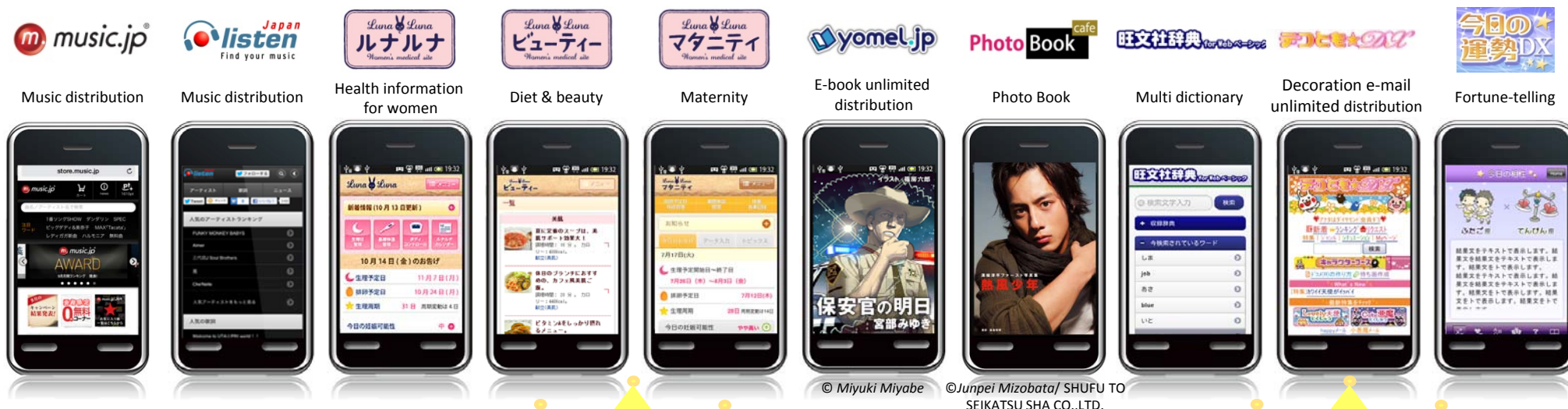
The number of paying subscribers of the smartphone



Monthly change in the number of paying subscribers for smartphone

Business Overview: docomo "d-menu" ※ Ranking

13 contents No.1 ~ win a sweeping victory ~



※ Source: Ranking data from "d-menu", a portal site for smartphone services, by NTT docomo Co., Ltd. as of October 22, 2013

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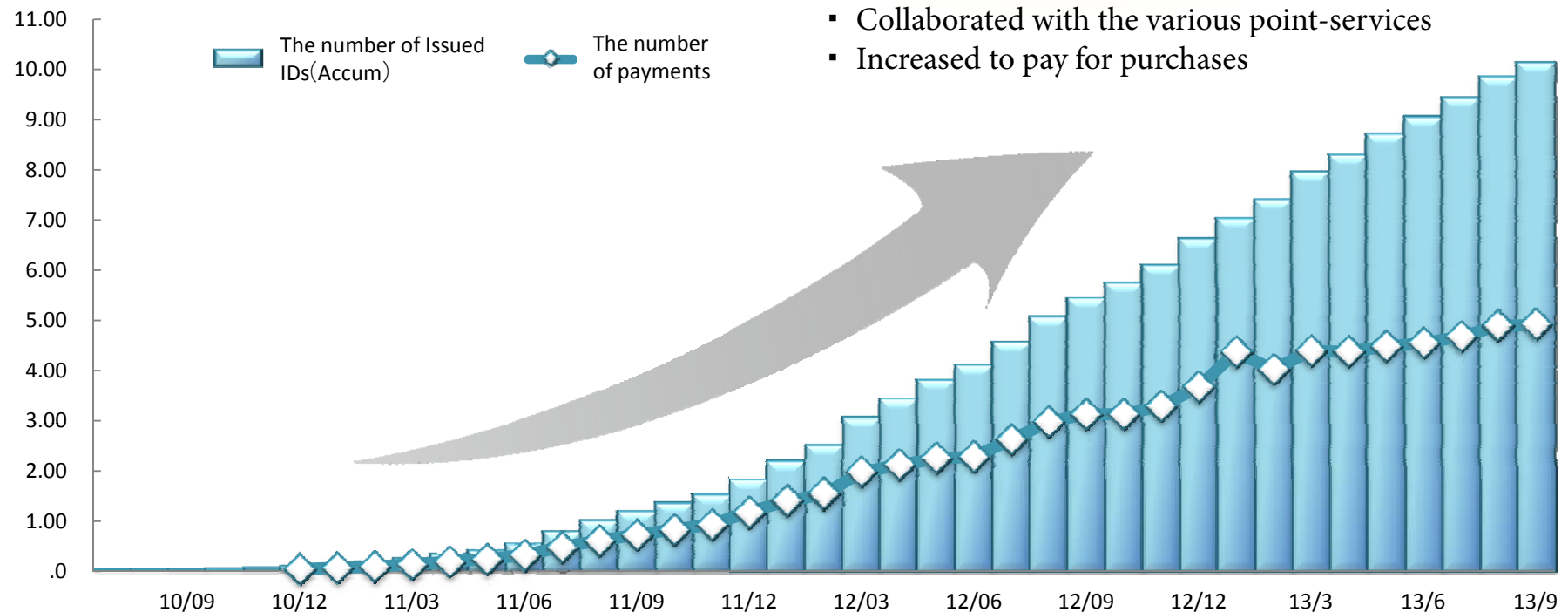
Business Overview: *mopita* business

Authentication and payment platform



Achieved (As of September, 2013)

10 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! ウォレット

T-POINT

PayPal



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

Variance between Earnings Forecast and Actual Results

(Millions of yen)	FY2013		Change	
	Actual results	Earnings forecast (Released on May 8, 2013)	Amount	Ratio(%)
Net sales	30,160	29,400	+760	+2.6%
Cost of sales	5,336	5,000	+336	+6.7%
Selling, general and administrative expenses	23,675	23,900	-224	-0.9%
Operating income	1,149	500	+649	+129.8%
(Operating income ratio)	3.8%	1.7%		
Ordinary income	1,119	470	+649	+138.3%
(Ordinary income ratio)	3.7%	1.6%		
Net income	516	150	+366	+244.4%
(Net income ratio)	1.7%	0.5%		

Variance analysis

- Net sales : Expansion of the real affiliate business
- Operating income : Expansion of the real affiliate business and improvement of efficiency in promotion

New Approach

 In the Fiscal Year 2014

Basic Policy of the Fiscal Year

Further expansion in the number of paying subscribers for smartphone services

Enlargement of services

Improvement of functions for existing services

New approach

Development of new channels for reaching new subscribers

Enhancement in the real affiliate business

Shifting between free service and pay service

Extension of life time

Enlargement of Services : Improvement of Functions for Existing Services (i)

Music-related services

Pay-as-you-go course



Pay-as-you-go service

launched in addition to monthly fixed rate service.

Distribution for car navigation systems

 ListenRadio



Distribution of internet radio broadcast

for car navigation systems

Expanded to **125 channels**

Enlargement of Services : Improvement of Functions for Existing Services(ii)

Healthcare-related services



**Increase in the number
of new subscribers for free sites**



Enhancement in
popular maternity information service

~ Transfer to the site for relieving pregnant women's concerns ~

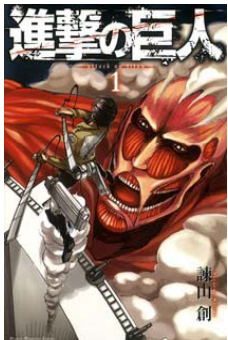
E-book-related services



©Miyuki miyabe

Exclusive distribution
of E-books by famous writers!

- *Miyuki Miyabe*
- *Riku Onda*
- *Yuka Murayama*



©Hajime Isayama
/KODANSHA LTD.

A large number of affiliated publishers,
a large selection of bestsellers

Enlargement of Services : New Approach

Genetic test kit for cancer risk

Dear Gene

Scheduled for release
next spring

For yourself in the future

DearGene

Genetic testing for health risks

Sales of genetic test kits for cancer risk and
a web browsing service for consulting the
results of tests aimed at general consumers

First ever by MTI !

Basic pack
(12 types of cancer)

9,800yen



DNA array scanning can carry out
many genetic tests in parallel.

lung cancer, stomach cancer,
colorectal cancer (including
rectum and colon), breast
cancer, pancreatic cancer,
esophagus cancer, uterine
cancer, malignant lymphoma
(chronic lymphocytic
leukemia, follicular
lymphoma, Hodgkin's
lymphoma), bladder cancer,
oropharyngeal cancer
etc.



Informs
illness risk
for East Asians
by odds ratio.



※ This application is under development, so content portrayed may differ somewhat from the final product.

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Development of New Channels for Reaching New Subscribers : Enhancement in the Real Affiliate Business(i)



**Real affiliate business
network No.1 !**

Development of New Channels for Reaching New Subscribers : Enhancement in the Real Affiliate Business(ii)



Development of New Channels for Reaching New Subscribers : Enhancement in the Real Affiliate Business(iii)

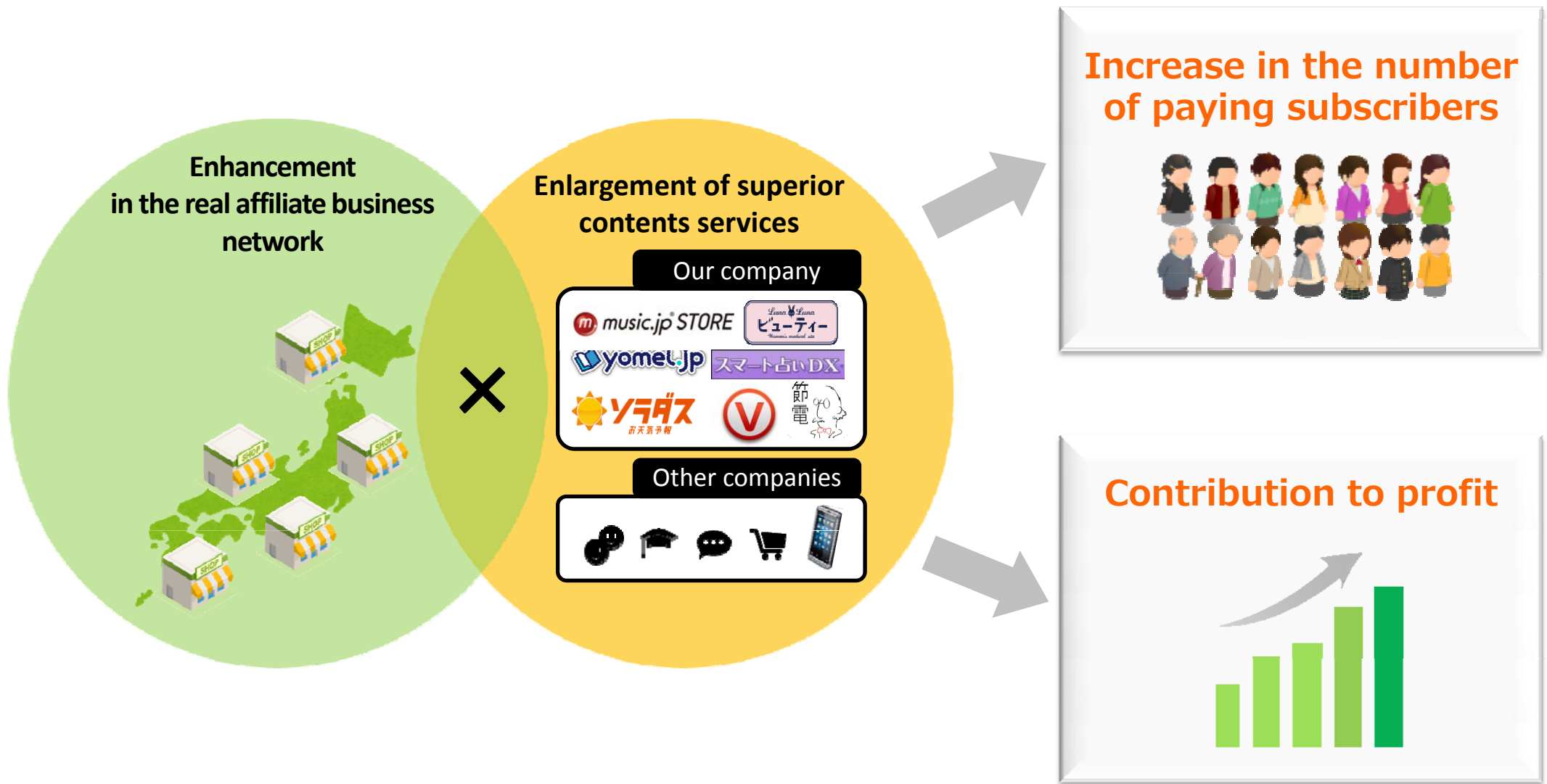
Music, Video, Map&Navi, Weather, Fortune-telling,
Health, News, Games, Comics, Novel, Security,
Battery-saving, Decoration e-mail,
English conversation, Recipes



**Line-up of great content
of our own
and other companies'**

Distribution of the hottest videos!

Development of New Channels for Reaching New Subscribers : Enhancement in the Real Affiliate Business(iv)



Development of New Channels for Reaching New Subscribers : Shifting between Free Service and Pay Service(i)

LR ListenRadio



minp!
Find your music
音楽まとめ<ミンブ>



**1 million
downloads
in total!**

**2.6 million monthly
unique users!
(as of the end of October)**

Music
distribution

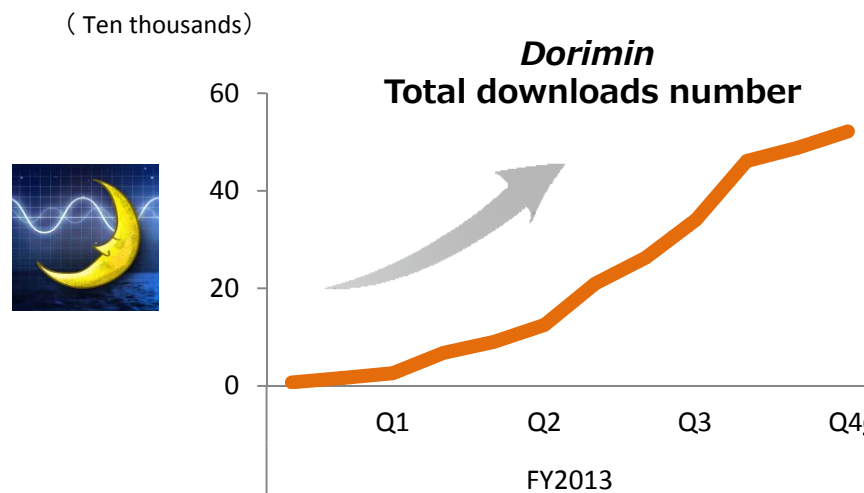
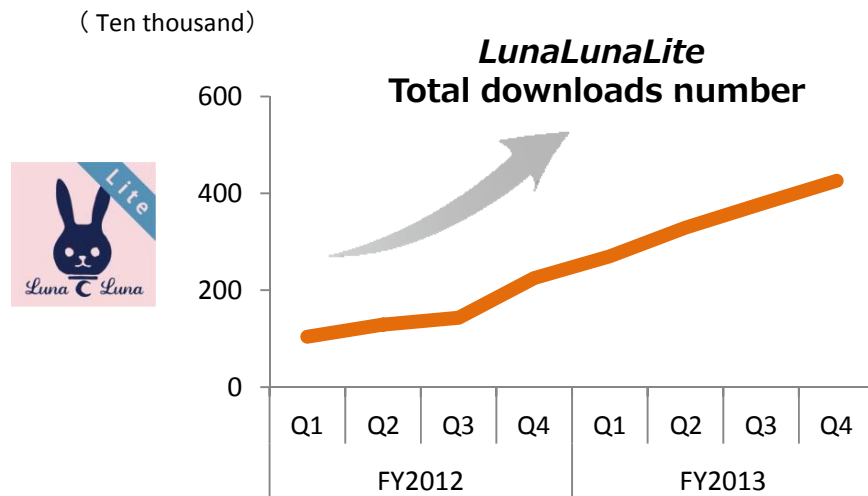
m. music.jp[®] STORE

m. music.jp[®] PLAY

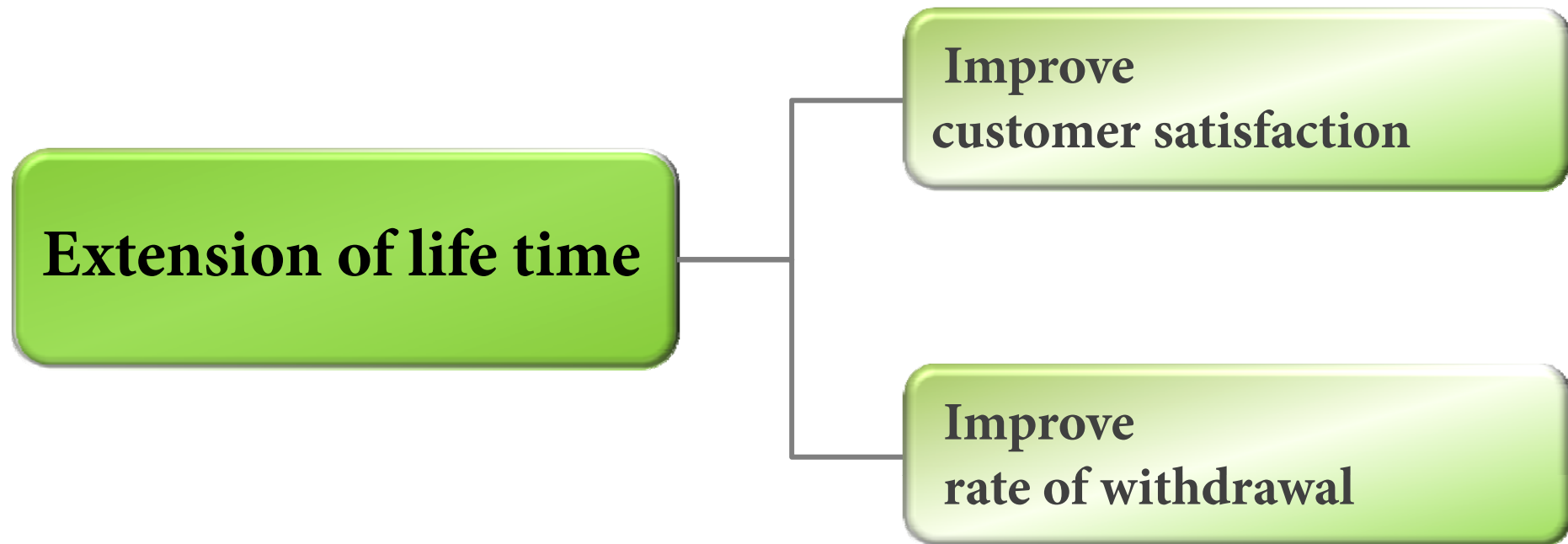


Sales channels for reaching new subscribers to “music.jp”

Development of New Channels for Reaching New Subscribers : Shifting between Free Service and Pay Service(ii)



Sales channels for reaching new subscribers to health care services such as "Luna Luna"



Earnings Forecast for the Full-year Term



The number
of paying subscribers

Total : **8.50** million paying subscribers

(**+0.46** million compared to September 30, 2013)



Financial results

Net sales: **31,500** millions of yen

(+1,339 millions of yen, +4.4%, year on year)

- Expansion in the number of paying subscribers

Operating income: **1,800** millions of yen

(+650 millions of yen, +56.6%, year on year)

- Expansion of efficiency in promotion
- Real affiliate business profit contribution lasts to full business year



Dividends

Net income: **516** millions of yen

(+407 millions of yen, +372.0%, year on year)

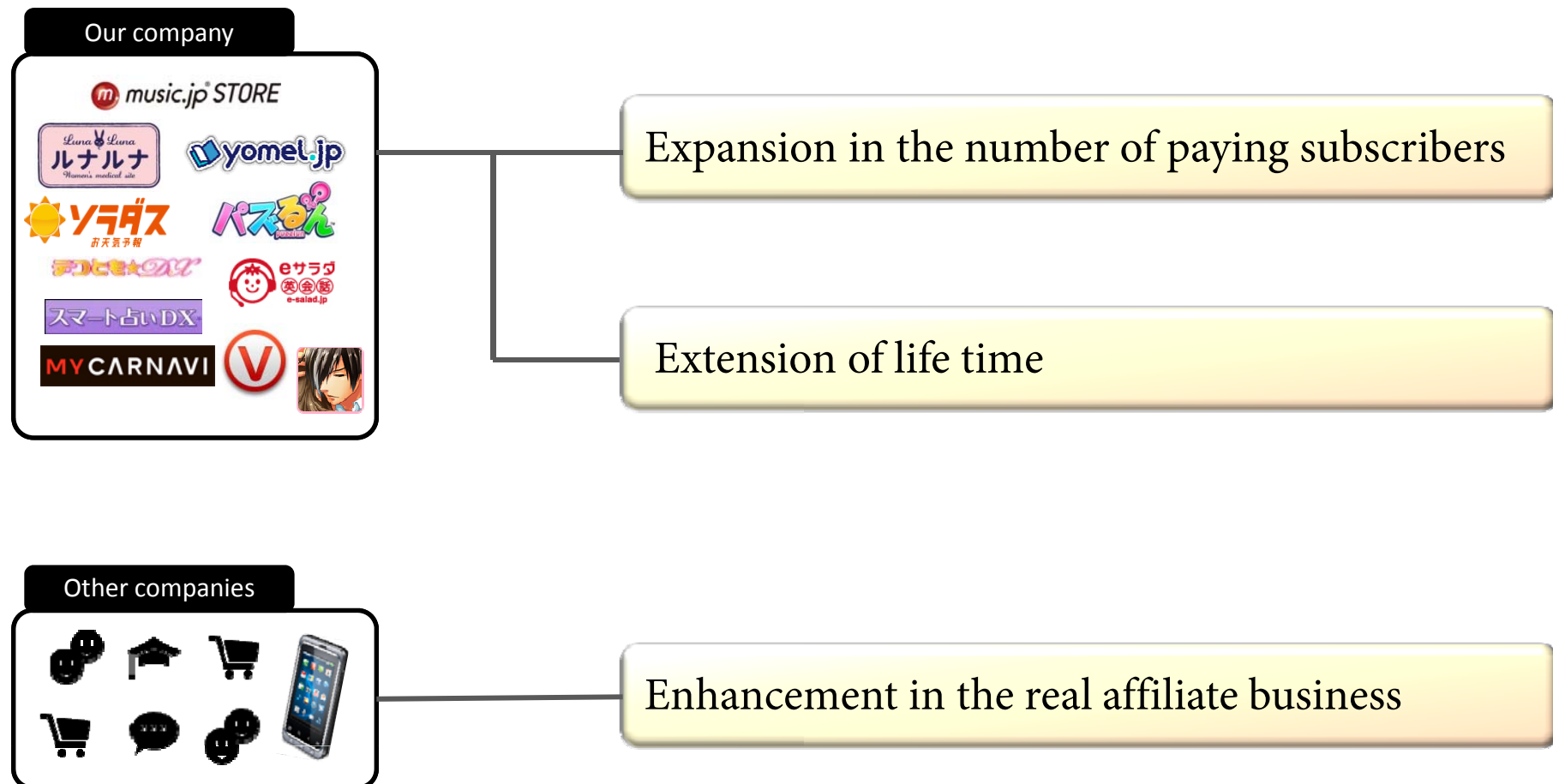
Full-year end dividend: **30** yen per share (Forecast)

(+5 yen, year on year)

Interim dividend: **10 yen** Year-end dividend: **20 yen**

Earnings Forecast for the Full-year Term

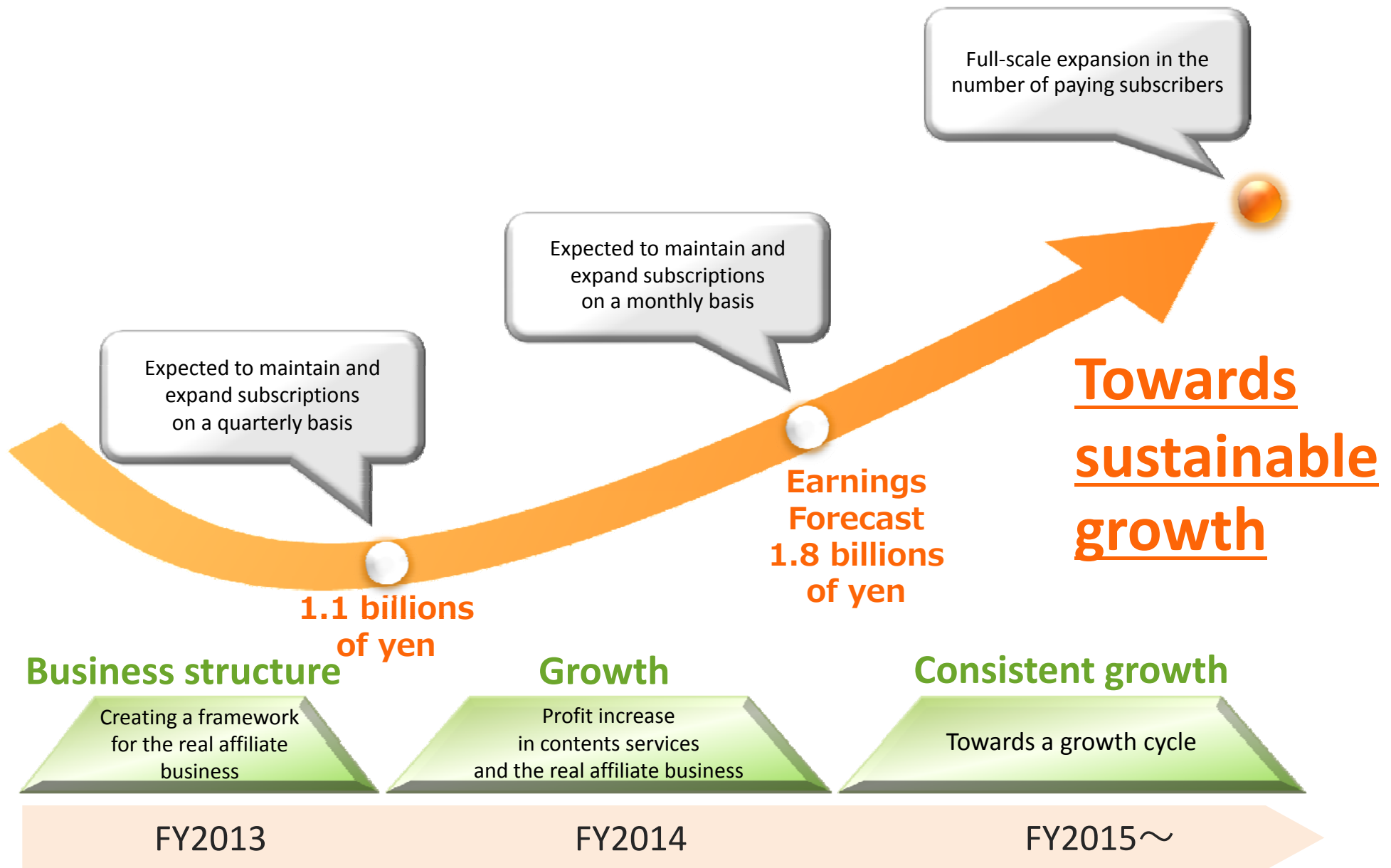
Toward the achievement for operating income **1.8 billions of yen**



Earnings Forecast for the Full-year Term

(Millions of yen)	Fiscal year ended September 30, 2014			Fiscal year ended September 30, 2013			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	31,500	15,500	16,000	30,160	14,822	15,338	+1,339	+4.4%
Cost of sales	5,400	2,660	2,740	5,336	2,517	2,818	+63	+1.2%
Selling, general and administrative expenses	24,300	12,140	12,160	23,675	12,412	11,262	+624	+2.6%
Operating income	1,800	700	1,100	1,149	-107	1,256	+650	+56.6%
(Operating income ratio)	5.7%	4.5%	6.9%	3.8%	-0.7%	8.2%	-	-
Ordinary income	1,750	680	1,070	1,119	-96	1,216	+630	+56.3%
(Ordinary income ratio)	5.6%	4.4%	6.7%	3.7%	-0.7%	7.9%	-	-
Net income	750	320	430	516	-121	637	+233	+45.2%
(Net income ratio)	2.4%	2.1%	2.7%	1.7%	-0.8%	4.2%	-	-

Intermediate Prospect of Operating Income



Appendix

Consolidated Statements of Income(Q4)

(Millions of yen)	Fiscal year ended September 30, 2013(Q4)	Fiscal year ended September 30, 2012(Q4)	Change	
			Amount	Ratio(%)
Net sales	7,575	7,429	+145	+2.0%
Cost of sales	1,391	1,304	+86	+6.7%
Gross profit	6,184	6,125	+59	+1.0%
(Gross profit ratio)	81.6%	82.4%		
Selling, general and administrative expenses	5,762 <small>Breakdown in the P33</small>	6,075	-313	-5.2%
Operating income	422	49	+372	+747.7%
(Operating income ratio)	5.6%	0.7%		
Ordinary income	384	50	+333	+656.0%
(Ordinary income ratio)	5.1%	0.7%		
Net income	194	-301	+495	-
(Net income ratio)	2.6%	-4.1%		

Selling, General and Administrative Expenses(Q4)

(Millions of yen)	Fiscal year ended September 30, 2013(Q4)	Fiscal year ended September 30, 2012(Q4)	Change	
			Amount	Ratio(%)
Total	5,762	6,075	-313	-5.2%
Advertising expenses	2,019	2,483	-463	-18.7%
Personal expenses	1,465	1,427	+38	+2.7%
Commission fee	807	819	-12	-1.5%
Subcontract expenses	410	391	+19	+5.1%
Depreciation	474	402	+72	+17.9%
Other	584	552	+32	+5.8%

Thank you very much.

MTI Ltd.

〈Contact us〉

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