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Summary of Consolidated Financial Results for the First Quarter of
Fiscal Year ending September 30, 2015 (Japanese Accounting Standards)

February 4, 2015

Listed Company Name: MTI Ltd. Listing Exchanges: Tokyo Stock Exchange
 Securities Code: 9438 URL: <http://www.mti.co.jp>
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 Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): February 12, 2015
 Scheduled date of dividend payment: –
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for institutional investors)

(Figures less than one million yen are omitted)

1. Consolidated business results for the three months ended December 31, 2014
(October 1, 2014 – December 31, 2014)

(1) Consolidated operating results (cumulative total) (Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First quarter of fiscal year ending September 30, 2015	8,209	9.5	1,333	46.7	1,315	51.1	761	78.8
First quarter of fiscal year ended September 30, 2014	7,498	2.3	909	323.6	870	303.1	425	129.8

(Note) Comprehensive income: Three months ended December 31, 2014: 880 million yen (95.2%)
 Three months ended December 31, 2013: 451 million yen (81.2%)

	Net income per share	Net income per share/diluted
	Yen	Yen
First quarter of fiscal year ending September 30, 2015	30.23	29.83
First quarter of fiscal year ended September 30, 2014	16.96	16.86

We conducted a 2-for-1 share split which became effective as of April 1, 2014. Net income per share is calculated on the assumption that this share split was carried out at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2014	16,742	10,347	58.8
As of September 30, 2014	16,768	9,722	55.4

(Reference) Shareholders' equity: Year ending 9/15(as of December 31, 2014): 9,846 million yen
 Year ended September 2014: 9,291 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended September 30, 2014	–	10.00	–	12.00	–
Fiscal year ending September 30, 2015	–				
Fiscal year ending September 30, 2015 (forecast)		10.00	–	6.00	–

(Note) Revision of dividend forecast for during this period : Yes

We will conduct a 2-for-1 share split which becomes effective on April 1, 2015, in accordance with “Notice Regarding Share Split, Partial Change of By-laws” released on February 4, 2015. Therefore dividends per share at the end of 2Q FY2015 (estimate) is calculated based on the figures before the share split. However, the Year-end dividends per share are calculated based on the figures after the share split. For details, please refer to “*Explanation for Appropriate Use of Forecasts and Other Notes” in the next page.

3. Forecast for consolidated business results for the fiscal year ending September 30, 2015
(October 1, 2014 – September 30, 2015)

(Percentages represent year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half year	16,700	9.3	2,000	53.3	1,960	49.6	1,040	31.5	20.65
Full year	34,000	9.7	4,200	64.2	4,120	63.5	2,270	69.7	45.07

(Note) Revisions to forecasts for consolidated business results published most recently: Yes
Net income per share in "Consolidated Forecast for the Fiscal Year Ending September 30, 2015" is calculated on the assumption that this 2-for-1 share split, which becomes effective on April 1, 2015, was carried out at the beginning of the current fiscal year. Net income per share without consideration of share split is ¥41.29 for 2Q (Total) and ¥90.13 for Full-year term.

* Notes

(1) Important changes of subsidiaries during the term (changes in specified subsidiaries resulting in change in scope of consolidation): Not applicable

New: –

Exception: –

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes in accounting policies and changes or restatement of accounting estimates

- | | |
|---|----------------|
| (i) Changes in accounting policies due to the modification in accounting methods: | Yes |
| (ii) Changes in accounting policies other than (i): | Not applicable |
| (iii) Changes in accounting estimates: | Not applicable |
| (iv) Restatement: | Not applicable |

(4) Number of outstanding shares (common shares)

(i) Number of shares outstanding at the end of period (including treasury shares):

12/14: 26,816,000 shares

9/14: 26,810,600 shares

(ii) Number of treasury shares at the end of period

12/14: 1,630,464 shares

9/14: 1,630,464 shares

(iii) Average number of shares during the period (quarterly consolidated cumulative period)

Three months ended 12/14: 25,183,044 shares Three months ended 12/13: 25,107,558 shares

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2014. The number of shares issued at the end of the period (including treasury stock), the number of treasury stock shares at the end of the period, and the average number of shares during the period are numbers after these stock splits.

* Status of a quarterly review

A quarterly review under the Financial Instruments and Exchange Act was being conducted at the publication of this summary of consolidated financial results.

* Cautionary statement with respect to forward-looking statements

The forward-looking statements included in this material are based on the Company's judgments, assumptions, and convictions based on information available to the Company at the time of publication of this document and may differ materially from actual results for a range of factors, including conditions of Japanese and overseas economies, changes in the situation of operations in Japan and overseas, and uncertainties and potential risks inherent in forward-looking statements. The risks and uncertainties include unforeseeable effects of future events. The information on consolidated earnings forecasts and other future forecasts on page 3-4 of the Accompanying Materials describes notes on the assumptions of the earnings forecasts and the use of the earnings forecasts. The Company will hold a briefing on earnings in the first three quarters chiefly for institutional investors on Thursday, February 5, 2015. A video of the briefing and a document to be used at the briefing will be posted on the Company's website as soon as the briefing ends. (A video is Japanese only.)

Special note

The Company will conduct a 2-for-1 common stock split that become effective on April 1, 2015.

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1 Qualitative information on financial results for the current settlement

(1) Explanation on operating results

During the first quarter under review, smartphone unit sales slowed as the smartphone penetration rate had already exceeded 50%. However, as replacement demand was strong, the penetration and expansion of smartphones continued.

In this environment, the Company aggressively conducted promotions during the shopping season in December and focused on the expansion of the number of paying subscribers on smartphones by continuously providing meticulous support to cellphone shops originating from sales offices which the Company established across Japan in the previous fiscal year. As a result, the number of paying subscribers stood at 5.52 million at the end of December 2014 (up 0.12 million from the end of September 2014).

Although the shift to smartphones progressed, the number of paying subscribers on feature phones has been declining at a slower pace, falling 0.15 million to 2.31 million by the end of December 2014. As a result, the total number of paying subscribers stood at 7.83 million at the end of December 2014 (down 30,000 from the end of September 2014).

Net sales increased to ¥8,209 million (up 9.5% year on year) due to measures to boost the average revenue per user (ARPU) in major services and the increase in sales of the unmetered plan with flat-rate monthly charges for cellphone carriers. Gross profit also rose to ¥6,865 million (rising 9.3% year on year).

Operating income, ordinary income and net income came to ¥1,333 million (up 46.7%), ¥1,315 million (up 51.1%) and ¥761 million (up 78.8%) respectively, reflecting the increase in gross profit and the appropriate control of higher selling, general and administrative expenses (SG&A) through meaningful use.

Consolidated business results

(From October 1, 2014 to December 31, 2014)

	First quarter of the fiscal year ending September 30, 2015	First quarter of the fiscal year ended September 30, 2014	Change	
			Amount	Percentage change
	millions of yen	millions of yen	millions of yen	%
Net sales	8,209	7,498	+710	+9.5
Cost of sales	1,343	1,219	+124	+10.2
Gross profit	6,865	6,279	+585	+9.3
SG&A	5,532	5,370	+161	+3.0
Operating income	1,333	909	+424	+46.7
Ordinary income	1,315	870	+444	+51.1
Current net income	761	425	+335	+78.8

Breakdown of SG&A

(From October 1, 2014 to December 31, 2014)

	First quarter of the fiscal year ending September 30, 2015	First quarter of the fiscal year ended September 30, 2014	Change	
			Amount	Percentage change
	millions of yen	millions of yen	millions of yen	%
Total	5,532	5,370	+161	+3.0
Advertising expenses	2,021	1,685	+335	+19.9
Personnel expenses	1,374	1,403	-29	-2.1
Commission fee	896	806	+90	+11.2
Subcontract expenses	350	438	-88	-20.1
Depreciation	353	444	-90	-20.4
Other	535	592	-56	-9.6

(2) Explanation on financial position

1) Assets, Liabilities and Net assets

At the end of the first quarter under review, total assets declined ¥25 million from the end of September 2014 to ¥16,742 million.

Current assets decreased ¥20 million mainly due to the fall in cash and deposits, while notes and accounts receivable-trade increased. Non-current assets declined ¥5 million, largely as a result of the decrease in software, offsetting the increase in investment securities.

Current liabilities dropped ¥619 million, primarily reflecting the decline in consumption taxes payable, despite the increase in accounts payable-trade. Non-current liabilities fell ¥31 million chiefly due to the decrease in the provision for retirement benefits.

Net assets increased ¥624 million due to the posting of ¥761 million in net income, even though cash dividends were paid.

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
As of December 31, 2014	16,742	10,347	58.8
As of September 30, 2014	16,768	9,722	55.4

(3) Explanation of future forecast information including consolidated forecast

From the second quarter, the Company will continue to focus on the expansion of the number of paying subscribers on smartphones and work to increase the average revenue per user (ARPU).

Taking advantage of the strength the Company has developed, the largest sales channel, by far, for promoting sales of its own content and that of other companies to customers at cellphone shops across Japan, the Company will strive to expand the number of paying subscribers on smartphones of its own content, and bolster sales commissions for the content of other companies.

The Company commenced music.jp: Music and Book Shop (a fixed rate of ¥400 per month excluding tax), services integrating music, electronic books and comics, in September 2014. In addition, the Company plans to commence higher-value added services, to which videos will be added this spring in cooperation with Video Market Corporation, an equity method affiliate, to expand the number of paying subscribers on smartphones and increase the ARPU.

In healthcare-related information services, the Company will increase the number of paying subscribers on Luna-Luna Family (a fixed rate of ¥300 per month excluding tax), the high-value added service of Luna-Luna, and work to increase the users further through the enhancement of the Luna-Luna Lite services, which are used by a little less than 7 million customers.

As sales of the unmetered plan with flat-rate monthly charges for cellphone carriers continue to increase, the Company will aggressively take measures that will contribute to the continuous expansion of sales.

Our forecasts for consolidated business results for the first half and the full-year of the fiscal year ending September 30, 2015 are described in a notice of revisions to forecasts for consolidated business results and dividends announced on February 4, 2015, and both sales and profits are expected to reach record highs.

Forecast for consolidated business results for the first half of fiscal year ending September 30, 2015 (From October 1, 2014 to March 31, 2015)

Consolidated		
Net sales	16,700 millions of yen	(Up 9.3% year on year)
Operating income	2,000 millions of yen	(Up 53.3% year on year)
Ordinary income	1,960 millions of yen	(Up 49.6% year on year)
Net income	1,040 millions of yen	(Up 31.5% year on year)

**Forecast for consolidated business results for the fiscal year ending September 30, 2015
(From October 1, 2014 to September 30, 2015)**

Consolidated		
Net sales	34,000 millions of yen	(Up 9.7% year on year)
Operating income	4,200 millions of yen	(Up 64.2% year on year)
Ordinary income	4,120 millions of yen	(Up 63.5% year on year)
Net income	2,270 millions of yen	(Up 69.7% year on year)

2 Matters relating to summary information (Notes)

(1) Important changes of subsidiaries during the term

Not applicable.

(2) Adoption of specific accounting methods for producing quarterly consolidated financial statements

Not applicable.

(3) Changes in accounting policies, changes in accounting estimates, restatements

Not applicable.

(Adoption for accounting policies concerning provision for retirement benefits)

Effective from the first quarter of the current fiscal year under review, the Company adopted the provisions set forth in the main clauses of paragraph 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; “the Accounting Standard for Retirement Benefits”) and paragraph 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012; “the Guidance on Accounting Standard for Retirement Benefits”). Consequently, the Company has reviewed the method of calculating retirement benefit obligations and service costs and changed the method of determining the discount rate from the method of using a discount rate based on the number of years that approximates the average remaining service lives of employees to the method of using a single weighted average discount rate that reflects the expected payment period of retirement benefits and the amount for each expected payment period.

With respect to the application of the Accounting Standard for Retirement Benefits, etc., the amount of impact associated with the change of the calculation method of retirement benefit obligations and service costs is added to or subtracted from retained earnings at the beginning of the first quarter under review in accordance with the transitional treatment as stipulated in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, at the end of the first quarter under review, the defined benefit liability declined ¥61,720 thousand while retained earnings increased ¥39,723 thousand. The impact on operating income, ordinary income and income before income taxes in the first quarter under review is minor.

1 Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

Fiscal year ended September 30, 2014 and the first quarter of fiscal year ending September 30, 2015

(Thousands of yen)

	Previous fiscal year (As of September 30, 2014)	Current fiscal year (As of December 31, 2014)
Assets		
Current assets		
Cash and deposits	4,782,677	4,451,387
Notes and accounts receivable-trade	6,294,778	6,445,296
Deferred tax assets	378,136	215,065
Other	836,262	1,155,473
Allowance for doubtful accounts	-108,691	-104,545
Total current assets	12,183,163	12,162,677
Noncurrent assets		
Property, plant and equipment	143,032	137,865
Intangible assets		
Software	2,150,300	2,039,806
Goodwill	2,355	1,850
Other	25,034	24,428
Total intangible assets	2,177,690	2,066,085
Investments and other assets		
Investment securities	813,082	951,788
Lease and guarantee deposits	489,586	491,832
Deferred tax assets	883,432	866,800
Other	99,694	86,666
Allowance for doubtful accounts	-21,317	-1,317
Total investment and other assets	2,264,478	2,375,770
Total noncurrent assets	4,585,200	4,579,721
Total assets	16,768,363	16,742,398

(Thousands of yen)

	Previous fiscal year (As of September 30, 2014)	Current fiscal year (As of December 31, 2014)
Liabilities		
Current liabilities		
Account payable-trade	976,524	1,049,185
Accounts payable-other	2,317,692	2,345,931
Income taxes payable	674,912	301,157
Provision for bonuses	—	144,475
Allowance for coin usage	277,447	229,888
Other	1,480,847	1,037,246
Total current liabilities	5,727,424	5,107,884
Noncurrent liabilities		
Long-term loans payable	500,000	500,000
Net defined benefit liability	768,368	736,665
Negative goodwill	49,659	47,379
Other	141	2,808
Total noncurrent liabilities	1,318,168	1,286,853
Total liabilities	7,045,593	6,394,738
Net assets		
Shareholders' equity		
Capital stock	2,596,342	2,598,449
Capital surplus	3,111,863	3,113,970
Retained earning	4,305,998	4,804,863
Treasury stock	-695,491	-695,491
Total shareholders' equity	9,318,712	9,821,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,198	100,851
Foreign currency translation adjustment	-31,735	-8,733
Remeasurements of defined benefit plans	-69,979	-66,923
Total accumulated other comprehensive income	-27,516	25,194
Subscription rights to shares	206,905	211,081
Minority interests	224,667	289,593
Total net assets	9,722,770	10,347,660
Total liabilities and net assets	16,768,363	16,742,398

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

Quarterly consolidated statements of income

For the first quarter of the fiscal year ended September 30, 2014 and fiscal year ending September 30, 2015

(Thousands of yen)

	First quarter of the previous fiscal year (from October 1, 2013 to December 31, 2013)	First quarter of the current fiscal year (from October 1, 2014 to December 31, 2014)
Net sales	7,498,892	8,209,168
Cost of sales	1,219,214	1,343,629
Gross profits	6,279,677	6,865,539
Selling, general and administrative expenses	5,370,662	5,532,205
Operating income	909,015	1,333,333
Non-operating income		
Interest income	36	18
Dividends income	681	2,196
Amortization of negative goodwill	2,279	2,279
Gain on reversal of subscription rights to shares	891	3,866
Compensation income	7,416	—
Insurance income	—	5,000
Other	4,470	6,908
Total non-operating income	15,775	20,269
Non-operating expenses		
Interest expenses	3,318	1,364
Share of loss of entities accounted for using equity method	46,555	21,129
Other	4,242	15,606
Total non-operating expenses	54,116	38,100
Ordinary income	870,674	1,315,502
Extraordinary income		
Extraordinary loss		
Loss on retirement of noncurrent assets	15,885	32,198
Total extraordinary loss	15,885	32,198
Income before income taxes and minority interests	854,789	1,283,304
Income taxes-current	348,162	308,935
Income taxes-deferred	77,728	139,005
Total income taxes	425,891	447,941
Income before minority interests	428,897	835,362
Minority interests in income (loss)	3,017	74,059
Net income	425,880	761,303

Quarterly consolidated statements of comprehensive income**For the first quarter of the fiscal year ended September 30, 2014 and fiscal year ending September 30, 2015**

(Thousands of yen)

	First quarter of the previous fiscal year (from October 1, 2013 to December 31, 2013)	First quarter of the current fiscal year (from October 1, 2014 to December 31, 2014)
Income before minority interests	428,897	835,362
Other comprehensive income		
Valuation difference on available-for-sale securities	14,343	26,652
Foreign currency translation adjustment	7,211	13,083
Remeasurements of defined benefit plans, net of tax	—	3,055
Share of other comprehensive income of entities accounted for using equity method	702	2,407
Total other comprehensive income	22,257	45,199
Comprehensive income	451,155	880,562
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	446,445	814,013
Comprehensive income attributable to minority interests	4,710	66,548

(3) Notes concerning quarterly consolidated financial statements

(Notes concerning going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

Not applicable.