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

May 1, 2015

Listed Company Name: MTI Ltd. Listing Exchanges: Tokyo Stock Exchange
 Securities Code: 9438 URL: <http://www.mti.co.jp>
 Representative: Toshihiro Maeta, President and Chief Executive Officer
 Contact: Hiroshi Matsumoto, Director Phone: +81-3-5333-6323
 Scheduled date to submit the Quarterly Securities Report (Shihanki Houkokusho): May 13, 2015
 Scheduled date of dividend payment: June 15, 2015
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for securities analysts and institutional investors)

(Figures less than one million yen are omitted)

1. Consolidated business results for the six months ended March 31, 2015
(October 1, 2014 – March 31, 2015)

(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 half of fiscal year ending September 30, 2015	16,620	8.8	2,108	61.6	2,034	55.3	1,088	37.7
First half of fiscal year ended September 30, 2014	15,279	3.1	1,304	–	1,310	–	790	–

(Note) Comprehensive income: Six months ended March 31, 2015: 1,243 million yen (51.9%)
 Six months ended March 31, 2014: 818 million yen (–)

	Net income per share	Net income per share/diluted
	Yen	Yen
First half of fiscal year ending September 30, 2015	21.46	21.19
First half of fiscal year ended September 30, 2014	15.74	15.63

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2015. Net income per share and net income per share diluted are based on the number of shares after the stock split.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2015	22,732	15,172	64.6
As of September 30, 2014	16,768	9,722	55.4

(Reference) Shareholders' equity: As of March 31, 2015: 14,691 millions of yen
 As of September 30, 2014: 9,291 millions of 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	–	12.00	–	–	–
Fiscal year ending September 30, 2015 (forecast)	–	–	–	6.00	–

(Note) Revisions to dividend forecasts published most recently: No

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2015. The dividend per share at the end of the second period of the fiscal year ending September 30, 2015 is calculated based on the number of shares before the stock split, but the year-end dividend per share (forecast) is calculated based on the number of shares after the stock split. For more information, please refer to "Cautionary statement with respect to forward-looking statements, special note."

The dividend per share at the end of the second period of the fiscal year ending September 30, 2015, 12 yen, is the sum of a common dividend of 10 yen and a dividend of 2 yen in commemoration of the change in the market where the stock is listed.

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
Full year	34,000	9.7	4,200	64.2	4,120	63.5	2,270	69.7	40.17

(Note) Revisions to forecasts for consolidated business results published most recently: No

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2015. Net income per share above is based on the number of shares after the stock split. Net income per share before the stock split was ¥80.33

* Note:

(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):

3/15: 59,777,600 shares 9/14: 53,621,200 shares

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

3/15: 3,260,928 shares 9/14: 3,260,928 shares

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

Six months ended 3/15: 50,729,001 shares Six months ended 3/14: 50,219,116 shares

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2014 and a 2-for-1 common stock split that became effective on April 1, 2015. 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 the 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 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 half chiefly for securities analysts and institutional investors on Friday, May 7, 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.

Special note

The Company conducted a 2-for-1 common stock split that became effective on April 1, 2015.

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1 Qualitative information on financial results for the current settlement

(1) Explanation on operating results

Overview of the first half ended March 31, 2015 (From October 1, 2014 to March 31, 2015)

During the first half 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 highest shopping season (March) and focused on the expansion of the number of paying subscribers on smartphones. As a result, the number of paying subscribers stood at 5.90 million at the end of March 2015 (up 0.50 million from the end of September 2014).

As the shift to smartphones progressed, the number of paying subscribers on feature phones has been declining, albeit at a slower pace, to 2.18 million at the end of March 2015 (down 0.28 million).

As a result, the total number of paying subscribers increased to 8.08 million at the end of March 2015 (up 0.22 million).

Net sales increased to ¥16,620 million (up 8.8% year on year) chiefly due to a rise in the average revenue per user (ARPU) in major services and an increase in sales of the unmetered plan with flat-rate monthly charges for cellphone carriers. Gross profit also rose to ¥13,953 million (rising 9.0% year on year).

Operating income, ordinary income and net income came to ¥2,108 million (up 61.6%), ¥2,034 million (up 55.3%) and ¥1,088 million (up 37.7%) respectively, reflecting the increase in gross profit and the appropriate control of selling, general and administrative expenses (SG&A) through meaningful use.

Consolidated business results

(From October 1, 2014 to March 31, 2015)

	First half of the fiscal year ending September 30, 2015	First half of the fiscal year ended September 30, 2014	Change	
			Amount	Percentage change
	Millions of yen	Millions of yen	Millions of yen	%
Net sales	16,620	15,279	+1,340	+8.8
Cost of sales	2,666	2,476	+190	+7.7
Gross profit	13,953	12,803	+1,150	+9.0
SG&A	11,845	11,498	+347	+3.0
Operating income	2,108	1,304	+807	+61.6
Ordinary income	2,034	1,310	+724	+55.3
Net income	1,088	790	+298	+37.7

Breakdown of SG&A

(From October 1, 2014 to March 31, 2015)

	First half of the fiscal year ending September 30, 2015	First half of the fiscal year ended September 30, 2014	Change	
			Amount	Percentage change
	Millions of yen	Millions of yen	Millions of yen	%
Total	11,845	11,498	+347	+3.0
Advertising expenses	4,702	4,078	+623	+15.3
Personnel expenses	2,756	2,826	-69	-2.5
Commission fee	1,835	1,641	+194	+11.8
Subcontract expenses	682	898	-215	-24.0
Depreciation	694	886	-192	-21.7
Other	1,174	1,167	+6	+0.6

(2) Explanation on financial position

1) Assets, liabilities and net assets

At the end of the first half under review, total assets rose ¥5,964 million from the end of September 2014 to ¥22,732 million yen.

Current assets increased ¥6,080 million mainly due to rises in cash and deposits and notes and accounts receivable-trade. Non-current assets declined ¥116 million as a result of a decrease in software, offsetting an increase in investment securities.

Current liabilities rose ¥519 million, primarily reflecting increases in accounts payable-other and accounts payable-trade. Non-current liabilities fell ¥4 million chiefly due to a decrease in negative goodwill.

Net assets increased ¥5,449 million mainly due to a capital increase through a public offering and the posting of ¥1,088 million in net income, even though cash dividends were paid.

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of March 31, 2015	22,732	15,172	64.6%
As of September 30, 2014	16,768	9,722	55.4%

2) Consolidated cash flows

At the end of the first half under review, cash and cash equivalents were ¥10,116 million, an increase of ¥5,333 million from the end of September 2014. The cash flows by activities and principal factors in the first half under review are as follows.

Net cash provided by operating activities was ¥1,919 million (inflow of ¥2,027 million for the first half of the previous fiscal year). Principal factors included an increase in notes and accounts payable-trade, income taxes paid, income before income taxes and minority interests, depreciation and amortization, and an increase in accounts payable-other.

Net cash used in investing activities stood at ¥725 million (outflow of ¥923 million for the first half of the previous fiscal year). Principal factors included the purchase of intangible assets (mainly software).

Net cash provided by financing activities came to ¥4,118 million (outflow of ¥291 million for the first half of the previous fiscal year). Principal factors included the payment of cash dividends and proceeds from the issuance of common stock.

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
First half of the fiscal year ending September 30, 2015	1,919	-725	4,118	10,116
First half of the fiscal year ended September 30, 2014	2,027	-923	-291	4,235
For the fiscal year ended September 30, 2014	3,600	-1,867	-375	4,782

(3) Explanation of future forecast information including consolidated forecast

From the third 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.

To increase the ARPU, in September 2014, the Company commenced services integrating music, electronic books and comics for a fixed rate of ¥400 per month excluding tax. In March 2015, the Company added videos to the services in cooperation with Video Market Corporation, an equity method affiliate, to expand the number of paying subscribers on the services. The Company is making preparations to commence a service integrating weather information and map navigation this summer.

In healthcare-related information services, the Company will increase the number of paying subscribers on a high-value added service of Luna-Luna (a fixed rate of ¥300 per month excluding tax) and a Q&A website on health where healthcare-related professionals respond to questions 24 hours a day (a fixed rate of ¥300 per month excluding tax). Meanwhile, the Company will work to increase the number of users further through the enhancement of the Luna-Luna Lite services, which are used by approximately 7.2 million customers.

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

Our forecast for consolidated business results for the fiscal year ending September 30, 2015 is as described in a notice of revisions to forecasts for consolidated business results and dividends announced on February 4, 2015.

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)z
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) Changes in important subsidiaries during the period

Not applicable.

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

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 half 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 half 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 half under review is minor.

3 Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheets

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

(Thousands of yen)

	As of September 30, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	4,782,677	10,116,585
Notes and accounts receivable-trade	6,294,778	6,952,673
Deferred tax assets	378,136	293,655
Other	836,262	989,289
Allowance for doubtful accounts	-108,691	-88,349
Total current assets	12,183,163	18,263,854
Noncurrent assets		
Property, plant and equipment	143,032	137,183
Intangible assets		
Software	2,150,300	2,003,212
Goodwill	2,355	1,345
Other	25,034	24,471
Total intangible assets	2,177,690	2,029,029
Investments and other assets		
Investment securities	813,082	940,264
Lease and guarantee deposits	489,586	489,865
Deferred tax assets	883,432	793,697
Other	99,694	100,417
Allowance for doubtful accounts	-21,317	-21,317
Total investment and other assets	2,264,478	2,302,928
Total noncurrent assets	4,585,200	4,469,141
Total assets	16,768,363	22,732,996

(Thousands of yen)

	As of September 30, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Account payable-trade	976,524	1,041,374
Accounts payable-other	2,317,692	3,210,657
Income taxes payable	674,912	712,389
Allowance for coin usage	277,447	234,690
Other	1,480,847	1,047,760
Total current liabilities	5,727,424	6,246,871
Noncurrent liabilities		
Long-term loans payable	500,000	500,000
Net defined benefit liability	768,368	768,402
Negative goodwill	49,659	45,100
Other	141	141
Total noncurrent liabilities	1,318,168	1,313,643
Total liabilities	7,045,593	7,560,515
Net assets		
Shareholders' equity		
Capital stock	2,596,342	4,846,262
Capital surplus	3,111,863	5,361,782
Retained earning	4,305,998	5,132,141
Treasury stock	-695,491	-695,491
Total shareholders' equity	9,318,712	14,644,695
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	74,198	121,585
Foreign currency translation adjustment	-31,735	-8,442
Remeasurements of defined benefit plans	-69,979	-66,711
Total accumulated other comprehensive income	-27,516	46,431
Subscription rights to shares	206,905	177,101
Minority interests	224,667	304,251
Total net assets	9,722,770	15,172,480
Total liabilities and assets	16,768,363	22,732,996

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

Quarterly consolidated statements of income

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

(Thousands of yen)

	First half of the fiscal year ended September 30, 2014	First half of the fiscal year ending September 30, 2015
Net sales	15,279,641	16,620,130
Cost of sales	2,476,132	2,666,199
Gross profits	12,803,508	13,953,930
Selling, general and administrative expenses	11,498,618	11,845,760
Operating income	1,304,889	2,108,170
Non-operating income		
Interest income	156	130
Dividends income	681	2,196
Amortization of negative goodwill	4,558	4,558
Gain on reversal of subscription rights to shares	4,104	4,094
Compensation income	7,416	11,925
Other	7,347	15,587
Total non-operating income	24,264	38,493
Non-operating expenses		
Interest expenses	5,963	2,695
Share of loss of entities accounted for using equity method	7,243	55,473
Share issuance cost	—	24,815
Other	5,636	29,079
Total non-operating expenses	18,843	112,063
Ordinary income	1,310,311	2,034,600
Extraordinary income		
Extraordinary loss		
Loss on retirement of noncurrent assets	—	4,328
Loss on retirement of noncurrent assets	19,196	55,470
Loss on valuation of investment securities	37,376	—
Settlement package	—	14,907
Total extraordinary loss	56,572	74,705
Income before income taxes and minority interests	1,253,738	1,959,894
Income taxes-current	554,496	656,212
Income taxes-deferred	-90,197	126,662
Total income taxes	464,299	782,874
Income before minority interests	789,438	1,177,019
Minority interests in income (loss)	-1,260	88,184
Net income	790,699	1,088,834

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

(Thousands of yen)

	First half of the fiscal year ended September 30, 2014	First half of the fiscal year ending September 30, 2015
Income before minority interests	789,438	1,177,019
Other comprehensive income		
Valuation difference on available-for-sale securities	16,643	47,386
Foreign currency translation adjustment	12,075	13,889
Remeasurements of defined benefit plans, net of tax	—	3,268
Share of other comprehensive income of entities accounted for using equity method	563	2,172
Total other comprehensive income	29,282	66,716
Comprehensive income	818,721	1,243,736
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	818,729	1,162,783
Comprehensive income attributable to minority interests	-8	80,953

(3) Quarterly consolidated statements of cash flows

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

(Thousands of yen)

	First half of the fiscal year ended September 30, 2014	First half of the fiscal year ending September 30, 2015
Cash flows from operating activities		
Income (loss) before minority interest	1,253,738	1,959,894
Depreciation and amortization	905,971	698,411
Increase (decrease) in allowance for coin usage	-67,346	-42,756
Increase (decrease) in provision for retirement benefits	76,345	—
Increase (decrease) in net defined benefit liability	—	61,753
Interest and dividends income	-837	-2,326
Interest expenses	5,963	2,695
Share issuance cost	—	24,815
Settlement package	—	14,907
Loss on retirement of noncurrent assets	19,196	55,470
Loss (gain) on sales of property, plant and equipment	—	4,328
Loss (gain) on valuation of investment securities	37,376	—
Decrease (increase) in notes and accounts receivable-trade	-165,050	-648,653
Increase (decrease) in notes and accounts payable-trade	-5,079	64,870
Increase (decrease) in accounts payable-other	834,169	877,826
Other, net	-259,452	-585,268
Subtotal	2,634,994	2,485,967
Interest and dividends income received	837	2,326
Interest expenses paid	-4,471	-1,218
Income taxes (paid) refund	-603,401	-567,735
Net cash provided by (used in) operating activities	2,027,960	1,919,340
Cash flows from investing activities		
Purchase of intangible assets	-825,237	-592,603
Purchase of investment securities	-46,224	-56,159
Proceeds from sales of investment securities	800	—
Purchase of stocks of subsidiaries and affiliates	1,950	—
Proceeds from sales of stocks of subsidiaries and affiliates	—	-60,867
Payments for investments in capital	-33,863	—
Other, net	-20,737	-15,971
Net cash provided by (used in) investing activities	-923,312	-725,601
Cash flows from financing activities		
Proceeds from long-term loans payable	99,440	—
Redemption of bonds	-81,520	—
Proceeds from issuance of common stock	4,902	4,431,513
Purchase of treasury stock	-222	—
Cash dividends paid	-313,842	-302,161
Other, net	—	-11,000
Net cash provided by (used in) financing activities	-291,241	4,118,351
Effect of exchange rate change on cash and cash equivalents	5,571	21,817
Net increase (decrease) in cash and cash equivalents	818,977	5,333,908
Cash and cash equivalents at beginning of period	3,416,219	4,782,677
Cash and cash equivalents at end of period	4,235,197	10,116,585

(4) Notes concerning quarterly consolidated financial statements

(Notes concerning going concern assumption)

Not applicable.

(Notes on significant changes in shareholders' equity)

The Company carried out a capital increase through a public offering in which the due date of payment was March 23, 2015 and a capital increase through a private placement associated with over-allotment in which the due date of payment was March 27, 2015. Following the capital increases, capital stock and legal capital surplus each increased 2,166,450,000 yen.

In the first half under review, the Company issued new shares in association with the exercise of subscription rights to shares. Capital stock and legal capital surplus consequently each rose 83,469,000 yen.

As a result, in the first half under review, capital stock and legal capital surplus each increased 2,249,919,000 yen, and at the end of the first half, capital stock and capital surplus came to 4,846,262,000 yen and 5,361,782,000 yen, respectively.