



To The Next Stage



MTI Ltd.
ANNUAL REPORT 2011



Mission

MTI will contribute to realize a futuristic society built around rapidly evolving capabilities of mobile terminals.

OUR SUCCESS STORY

FROM THE BEGINNING

Mobile phone use has been expanding rapidly since 1996. With the launch of NTT DOCOMO's mobile Internet service, i-mode®, in 1999, it became possible to send and receive e-mails and browse websites on mobile phones. Various other services have since become available, including music, games, dictionaries, maps and books, and mobile phones have become indispensable tools for people's day-to-day living.

Becoming Japan's Biggest Mobile Content Distribution Company

MTI was established in August 1996 to distribute mobile phones and provide data communication services. It began offering content distribution services in 1997. Since then, it has continued to provide services that match user needs in step with the spread of mobile phones and rapidly evolving mobile technologies.

MTI has been expanding its service to promote aggressive business development toward the rapidly increasing smartphone users.

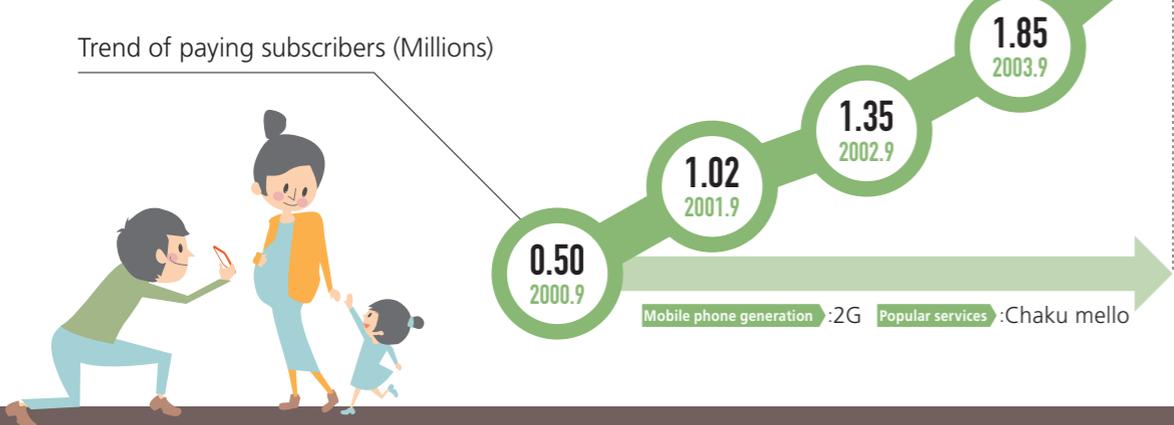
1st Stage
(To FY 2003)

Multiple developments of spot-type businesses

Development of a wide portfolio of businesses in mobile-related services

- Sales of mobile terminals
- Sales of ADSL services through telemarketing
- Content distribution
- Internet settlement system, Website system administration, etc.

Trend of paying subscribers (Millions)



2nd Stage
(From FY 2004 to FY 2006)

Transformation to stock-based businesses

Focus on two core businesses to build customer bases

- Content distribution
- Sales of medical insurance through telemarketing

Mobile phone generation: 3G Popular services: Chaku-uta®

3rd Stage
(From FY 2007 to FY 2010)

Specialization in mobile content business

Concentration of management resources on mobile content services

- Content distribution

Mobile phone generation: 3.5G Popular services: Chaku-uta Full® Decorative e-mails

4th Stage
(From FY 2011)

Full-scale expansion of smartphone services

Concentration of management resources on smartphone services

- Content distribution

5.36
2007.9

4.41
2006.9

3.71
2005.9

2.60
2004.9

6.10
2008.9

8.02
2009.9

9.38
2010.9

8.94
2011.9

Contents



MUSIC Music Content

MTI operates *music.jp*[®], a comprehensive music distribution site which offers all types of music from the latest hits to standards. The content available for download spans full-length song tracks (*Chaku-uta Full*[®]), song ringtones (*Chaku-uta*[®]), ringtone melodies (*Chaku mello*), ringtone voice clips, lyrics and music news. Our advance download service for songs before the release, and exclusive download service are also popular and unique with MTI. MTI also offers music player and streaming distribution services.



LIFESTYLE Lifestyle Information Content

MTI offers a variety of sites that add to the convenience and enjoyment of life. Alongside *Luna-Luna*[®] Japan's No.1 paying subscriber, health management site for women, we also offer a weather information site with hourly updates for 850 locations all over Japan, and traffic information sites that provide instant access to traffic-jam predictions and road conditions. There is also a comprehensive navigation site giving quick access to maps and information about local attractions.



ENTERTAINMENT Entertainment Content

MTI offers a wide range of services including the popular decorative e-mail site, *Deco Tomo★DX*, fortune-telling sites, comic download sites and e-book sites with unlimited access for a flat fee.

MTI's Vision To become a "Mobile Dream Factory"

By always being at the customers' side and realizing their dreams through innovative, high-quality services.



Service Capabilities



MTI has continually strengthened its marketing, quality management, technology development and design capabilities and is now able to respond quickly to the evolving market.

The expansion of smartphone use and the introduction of high-speed communications technology, such as LTE (Long Term Evolution), are opening up new possibilities for the mobile content market.

By comprehensively improving its capabilities in the four fields of marketing, quality management, technology develop-

ment and design, MTI will continue to provide services that truly match the needs of customers, regardless of their age or lifestyle.

Our goal is to become a lifelong partner to each of our customers by enriching people's lives and providing convenient services.

We are learning the wishes and expectations of a wide range of customers, capitalizing on new technologies to create convenient services and then providing quality and product ranges that ensure customer satisfaction. Our vision is to be a "Mobile Dream Factory" that will continue to attract past and future customers and offer new excitement.

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The foundation for providing
The total number of paying
in the early stages of the
and we expect to get back

President and Chief Executive Officer
Toshihiro Maeta

Q1 What is happening in the mobile content industry?

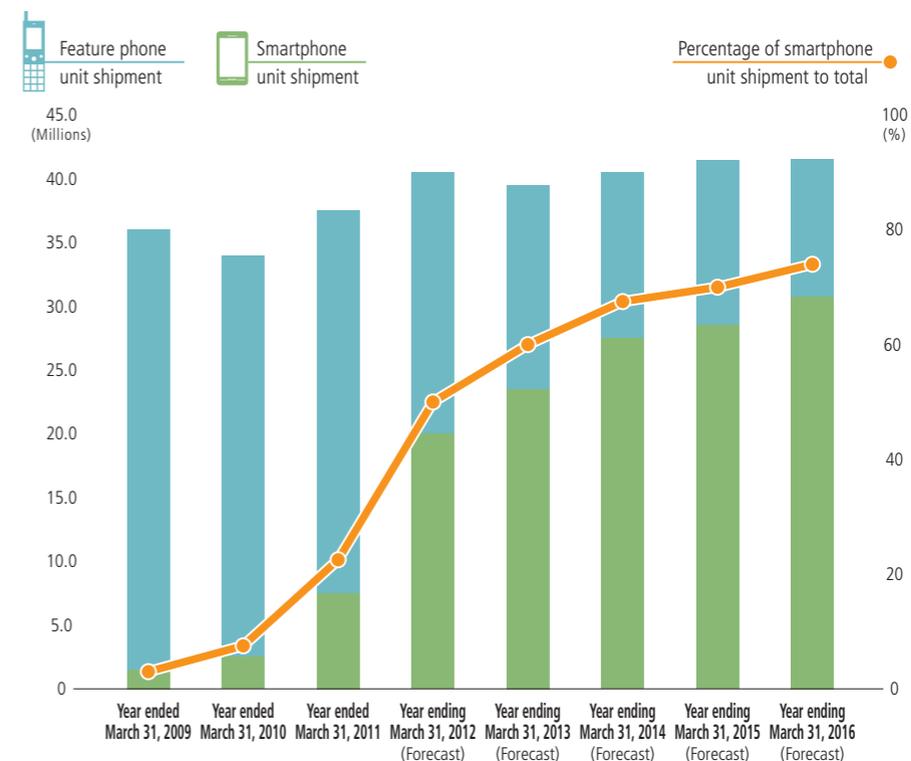
A There has been a rapid growth in the smartphone market, while SNS is also gaining momentum.

Users of mobile terminals have been migrating from feature phones to smartphones at a greater-than-expected rate. The smartphone unit shipments in the year ended March 31, 2011 reached 8.55 million (approximately 3.7 times the previous year level), which accounted for 22.7% of total mobile phone shipments (compared to 6.8% the previous year). In the year ending March 31, 2012, smartphone unit shipments are expected to reach 19.86 million (approximately 2.3 times the previous year level), accounting for 49.0% of total shipments, and this increasing trend is expected to continue for the time being(*).

Because the market had been moving at a faster-than-expected pace, the entire mobile content industry has experienced certain delays in making contents smartphone-compatible and

smartphone services has been laid down.
subscribers will return to an increasing trend
coming fiscal year,
on the growth path.

Growth and Outlook of the Smartphone Market



*Prepared by the Company based on "The Forecast of the Transition of Shipment in the Smartphone Market." published by MM Research Institute, Ltd.,

preparing the billing system, which has resulted in the contents providers having to face an uphill battle in capturing paying smartphone subscribers.

Previously the Japanese mobile phone market was characterized by a business model, often referred to as the "Galapagos system," where each phone would have its own specs, and every aspect of the phone from content provision to the billing system would be operated according to the specs determined by the mobile carrier. However, as all smartphones use iOS®, Android™, or Windows® Phone as operating systems, the terminal

platform has been globally standardized, which has brought drastic and rapid changes to the conventional business model.

Another major change in the past few years is the accelerated speed at which many individuals now gather information, make discoveries, think and make decisions, using domestic and overseas SNS (Social Networking System). We should not overlook the fact that, as a result of such developments, the impact of the SNS extends beyond the world of the Internet to the society as a whole.

*Source: MM Research Institute, Ltd.

Q2 How does MTI perceive the changes taking place in the market and how does MTI intend to respond to such changes?

A As the forerunner, MTI has laid down the foundation required for smartphone services and taken a huge step ahead of its competitors.

In terms of smartphone usage, there is growing demand for a wider range of applications and user-friendly contents, and thus we expect contents to be used at a greater frequency and to become even more embedded in our lives. Additionally, with the surge in the number of smartphones, the dependence on mobile carriers has diminished, which has led to greater freedom in content development and even to the possibility of providing services overseas. In other words, we see the smartphone content market as an extremely attractive market that is likely to be bigger than the market for feature phone content. This great change offers major opportunities if we can rapidly establish a new business model and achieve advantages as a pioneer in the market.

Based on this view, the Company became the first in the industry to start the development of smartphone service infrastructure, which we managed to complete in the current year ended.

First of all, we finished adapting our 43 services, including our major brands, *music.jp*[®], *Luna-Luna*[®], and *Soradas*[®], for use on smartphones. We developed a scheme, which allows customers to easily continue using our services even after they had switched to smartphones, while the Company at the same time emphasized User Interface (See page 12 "Glossary") and User Experience (See page 12 "Glossary") and thoroughly pursued the fun and user-friendly

aspects that were unique to smartphones. At our music site, *music.jp*[®], we began streaming distribution services and at our e-book site, *yomel.up* and comic download site, *comic.jp*, we have developed our proprietary viewer.

Secondly, we proactively engaged in expanding and improving the functions of *mopita*[®], the Company's proprietary member authentication and settlement system for smartphone users. In order to enhance user convenience, we now offer a range of options suitable for relatively small amounts paid for mobile content, including the use of points and e-money, in addition to settlement through carriers and credit cards. Additionally, we now offer *mopita market*, a market place for finding and downloading quality, user-friendly applications among the countless smartphone applications being offered. As the Company's contents are also offered directly through the *mopita* marketplace, not only it is expected to become an effective vehicle for promoting subscription to the Company's contents but also has the added advantage of enabling the execution of the Company's unique and independent business strategies, regardless of changes in the policies of mobile carriers and OS development companies. Currently, we are the only contents provider that offers both contents and a settlement system, such as *mopita*[®]. As of January 2012, the number of registered IDs under *mopita*[®] reached more than 2

million and we believe that we have taken our first big step as a forerunner in this field.

Thirdly, in conjunction with the recent marked trend to form communities using SNS, "enjoy being connected," and "select services by referring to the opinions of others," we proactively enhanced the "social" nature of each service.

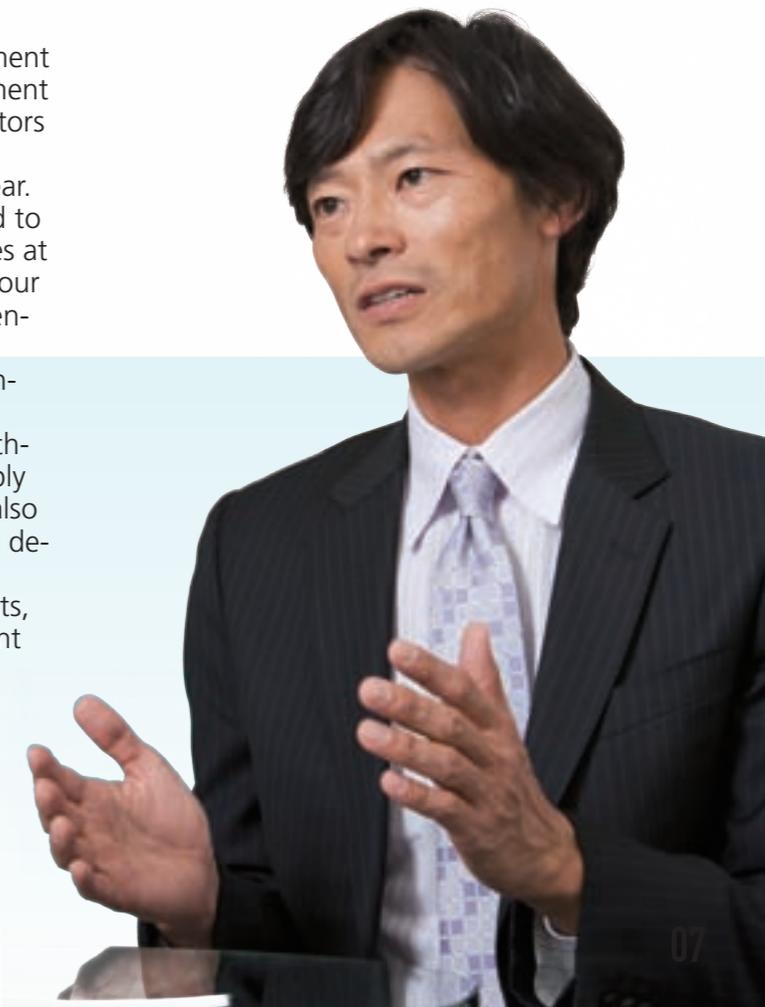
There has been a major increase in the number of *music.jp*[®] users ever since we added functions for easily sharing information, such as for sharing music playlists and for writing and browsing music reviews on Facebook and Twitter.

Additionally, the information-sharing community offered on *Luna-Luna*[®] has been used by more than 200,000 members. Among the users of this community, we have observed synergistic effects, including a high active user rate and low cancellation rate on the *Luna-Luna* site.

Fourthly, as we needed to deal with a varied and extensive range of issues when undertaking developments in smartphone services, we decided to make major changes to the development structure and increased our development staff, including staff from subcontractors and business partners, to 400, which was twice as many as the previous year. Moreover, as smartphones, compared to feature phones, undergo vast changes at a faster pace, we decided to change our development method from the conventional "waterfall method," where "predetermined processes are sequentially implemented toward a predetermined goal," to a "agile method", where "goals are changed flexibly and the direction of development is also changed accordingly," and enhanced development efficiency. Furthermore, in order to hold down development costs, we have been promoting development

at offshore bases, such as those in China and South Korea. I believe that our flexible development system, which has been made possible through agile and offshore development, is comparable to no other contents provider in Japan and consequently may be said to be one of our "hidden major advantage."

I am confident that by fully deploying in the coming years the fruits of these efforts made in the current year, we will be able to take advantage of our position as a pioneer in the industry and accelerate the growth of paying subscribers to our smartphone services. So I am expecting the increase in the number of paying subscribers to smartphone services will outweigh the decrease in the number of paying subscribers to feature phone services in the early stages of the coming fiscal year and that the number of paying subscribers overall will begin to increase once again.



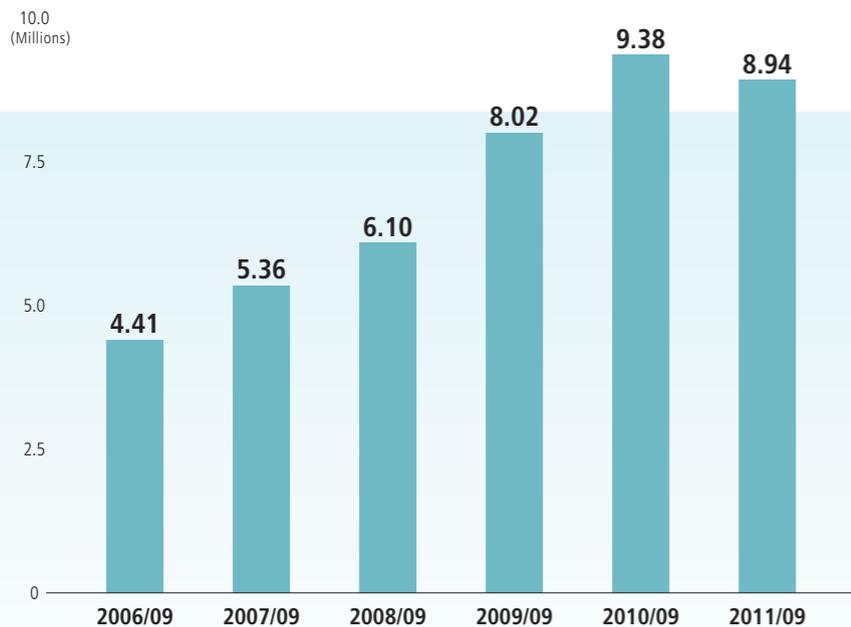
Q3 Tell us about the initiatives MTI is planning to take in the fiscal year ending September 30, 2012.

A We are aiming for a major expansion in the number of paying subscribers to our smartphone services and returning the total number of paying subscribers to an increasing trend.

Having completed the task of laying down the foundation for smartphone services, the Company in the fiscal year ending September 30, 2012, will focus on expanding the number of paying subscriber to smartphone services and returning the total number of paying subscribers to an increasing trend. We will upgrade the functions of each service and also devise effective ways of appealing to the potential customers through an appropriate combination of promotion methods to the end of further increasing the number of paying subscribers.

At the same time, we will set our sights on mid- to long-term growth and take initiatives that will further increase the number of registered IDs under *mopita*[®]. Although we remain forerunner in the industry in offering a variety of settlement systems, we intend to further increase the convenience of settlement to our customers. We also intend to acquire quality contents for *mopita market*, so that it will be known as "a site to go to for all the necessary contents."

Paying Subscribers



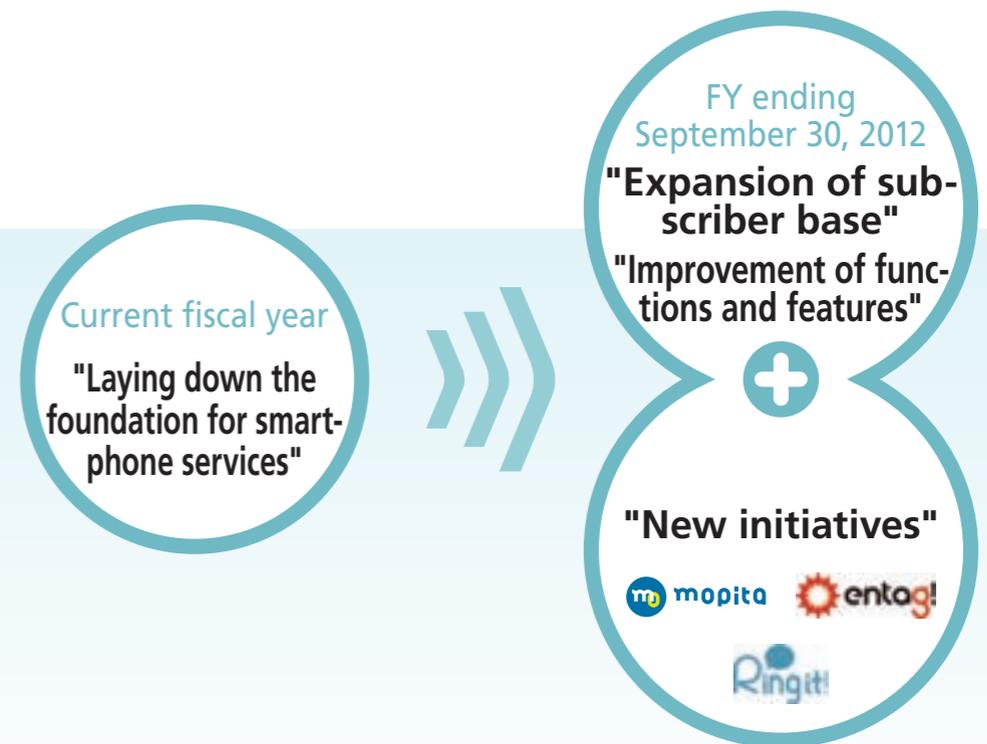
Q4 What do you believe is the key to achieving further growth?

A We will realize a sustainable and high growth by organically improving our four capabilities required for providing high-quality services.

MTI's growth has been driven by its marketing capability, which creates contents that precisely match user needs; its quality management capability, which effectively builds high-quality contents; and its technology development capability, which keeps pace with advances in mobile technology; all of which have been indispensable in the offering of high-quality services. In particular, the Company's marketing capability represents its greatest strength, which is reflected in the employee's attitude of "when in doubt, ask the customers." Furthermore, in the smartphone age, User Interface and User Experience will become important criteria in the

selection of services. Therefore "design capability" has also been recognized and reinforced as an essential element.

In the mobile contents market, where new possibilities abound, we continue to strive to become a lifelong partner to our customers by enriching people's lives and providing convenient services as we organically keep improving these original strengths of ours. By offering truly desired services that match the lifecycle of each customer and satisfy and excite each customer, we strive to achieve and keep a sustainable and high growth.



Metamorphosis of Music

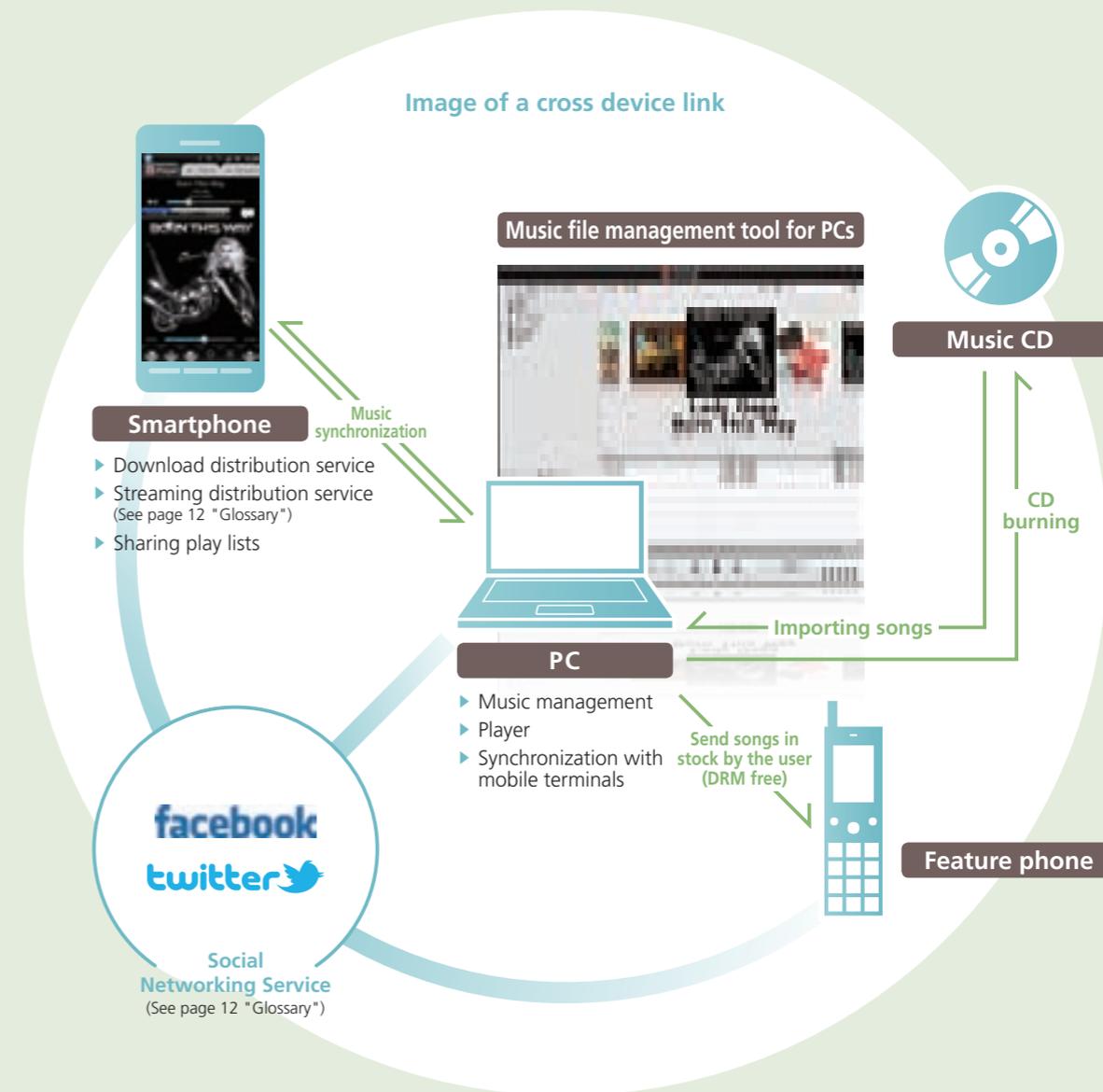
The metamorphosis of music services through the advent of the smartphone

While the migration from feature phones to smartphones proceeds at an accelerated speed, vast changes are also taking place in the services required of on-line music distribution providers.

The Company was the first in the industry to launch a streaming distribution service, *music.jp stream* in April 2011. Music streaming services, in which the user can listen to an unlimited amount of music for a specified duration of time, are already common in Europe. Providing this kind of service can introduce users to new opportunities of listening to various types of music that

may lead to and produce synergies with download business.

In July 2011, contents on the *music.jp* application came with DRM (Digital Rights Management) protection, which solved the prior problem of not being able to download or play certain songs depending on the type and model of the smartphone in use. By setting in place a mechanism that will properly manage copyrights, we provided our business partners, the record companies, a secure environment for distributing music, and we could provide our end users access to a greater number of songs.



In March 2012, MTI launched *music.jp PLAY* services, a music management tool for PCs. With this service, the user can listen to every piece of music saved in Android smartphones, tablets, feature phones or PCs by centrally managing and transferring the music from a PC to a device of his or her choice. The Company is the first in

the industry to make this service available for every type of Android terminal, regardless of the mobile carrier.

In the future, we plan to engage in initiatives to enhance the "social" aspect of music services, such as enabling users to share their prepared play lists with their friends, while at the same time strengthen

the coordination with the streaming distribution service and thereby provide new and convenient services that will allow customers to relax and enjoy the music. Through these efforts we hope to support the very act of enjoying music rather than the specific action of providing music downloads.



User Interface User Experience



User Interface refers to the environment, in which the user operates a computer and implies such concepts as "Operability and usability." User Experience refers to the user's experience when operating a computer and implies such concepts as "Satisfaction and fulfillment."

Streaming distribution services

A method of transmitting and simultaneously playing data such as music or videos via the Internet that has been uploaded on the server beforehand. Since there is no need to download the data onto the terminal, the stress of waiting for the download can be avoided, while the music or video may be enjoyed on the terminal without having to worry about the download capacity of the terminal.

Social Networking Service



Service media that enable users building a social communication network on the web. As a communication tool for publishing each other profiles and diaries, and sharing information, it is thought of as a community-type, membership-based service that promotes and supports connection between people.

MTI Ltd. and Consolidated Subsidiaries
Years ended September 30

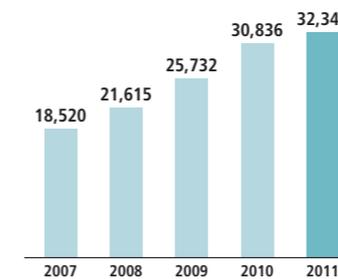
Millions of yen

Thousands of
U.S. dollars
(Note 1)

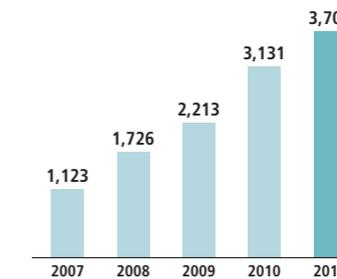
	2007	2008	2009	2010	2011	2011
Net sales	18,520	21,615	25,732	30,836	32,342	421,946
Cost of sales	5,874	6,286	7,920	8,415	7,571	98,784
Selling, general and administrative expenses	11,523	13,602	15,599	19,289	21,067	274,859
Operating income	1,123	1,726	2,213	3,131	3,702	48,302
Income before income taxes (and minority interests)	1,522	1,371	1,870	3,054	3,578	46,682
Net income	1,053	563	1,669	1,824	1,797	23,454
Total assets	9,459	10,758	12,557	15,091	15,881	207,198
Total net assets	5,529	5,385	6,807	8,259	9,670	126,170
Net income per share						
: Primary (Yen, U.S. dollars)	14,490.62	4,086.52	12,446.91	13,630.48	13,447.41	175.44
: Fully diluted (Yen, U.S. dollars)	14,401.79	4,048.63	12,346.21	13,629.91	—	—
Cash dividends per share (Yen, U.S. dollars)	1,500	1,000	2,000	3,500	4,000	52.19
Total net assets per share (Yen, U.S. dollars)	79,021.25	39,567.06	50,227.79	60,929.15	70,973.21	925.94
Equity ratio (%)	58.5	49.9	53.7	54.0	59.7	59.7
Return on equity (%)	17.8	10.3	27.6	24.5	20.4	20.4
Return on assets (%)	10.6	16.6	18.7	22.7	23.8	23.8
Number of employees(persons)	354	449	489	554	699	699

Notes 1: Yen figures have been translated into U.S. dollars at the rate of 76.65 to US\$1, (as of the end of September 2011)solely for the convenience of readers.
2: ROE = Net income/[(equity* at beginning of the period + equity* at the end of the period)/2]
ROA = Ordinary income/[(total assets at beginning of the period + total assets at the end of the period)/2]
(* Equity = Total net assets – stock acquisition rights – minority interests)
3: The Company carried out a two-for-one stock split on April 1, 2008. Therefore, net income per share (primary and fully diluted), cash dividends per share and total net assets per share for the year prior to fiscal 2007 are calculated based on the pre-split number of shares.

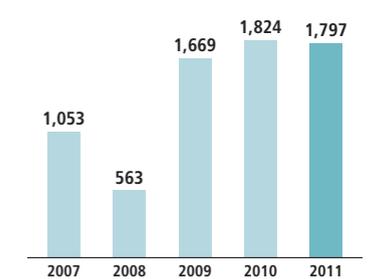
Net Sales (Millions of yen)



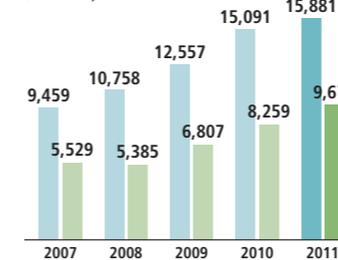
Operating Income (Millions of yen)



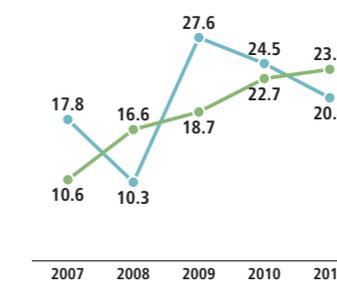
Net Income (Millions of yen)



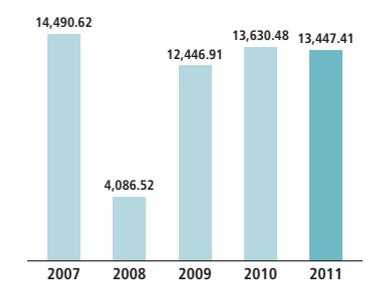
Total Assets / Total Net Assets
(Millions of yen)



ROE / ROA (%)



Net Income Per Share (Yen)



Record-highs in both net sales and operating income

Paying subscribers **8.94 million**
 (Decrease of 0.44 million from previous year end)

Paying subscribers to smartphone services increased to 0.73 million (Increase of 0.73 million subscribers year-on-year)

Net sales **¥32,342 million**
 (Increase of 4.9% year-on-year)

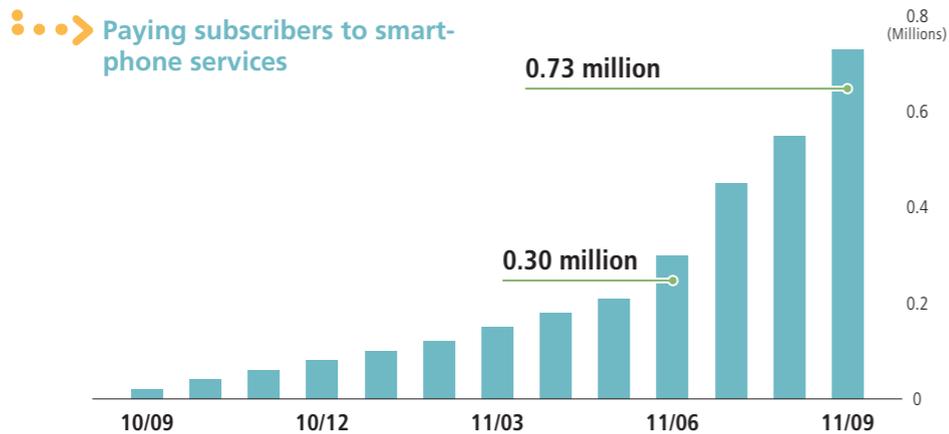
Record-highs for 7 consecutive years

Operating income **¥3,702 million**
 (Increase of 18.2% year-on-year)

Record-highs for 6 consecutive years

Dividend **¥4,000**
 (Increase of ¥500 year-on-year)

Increase in the year-end dividend per share for 6 consecutive years

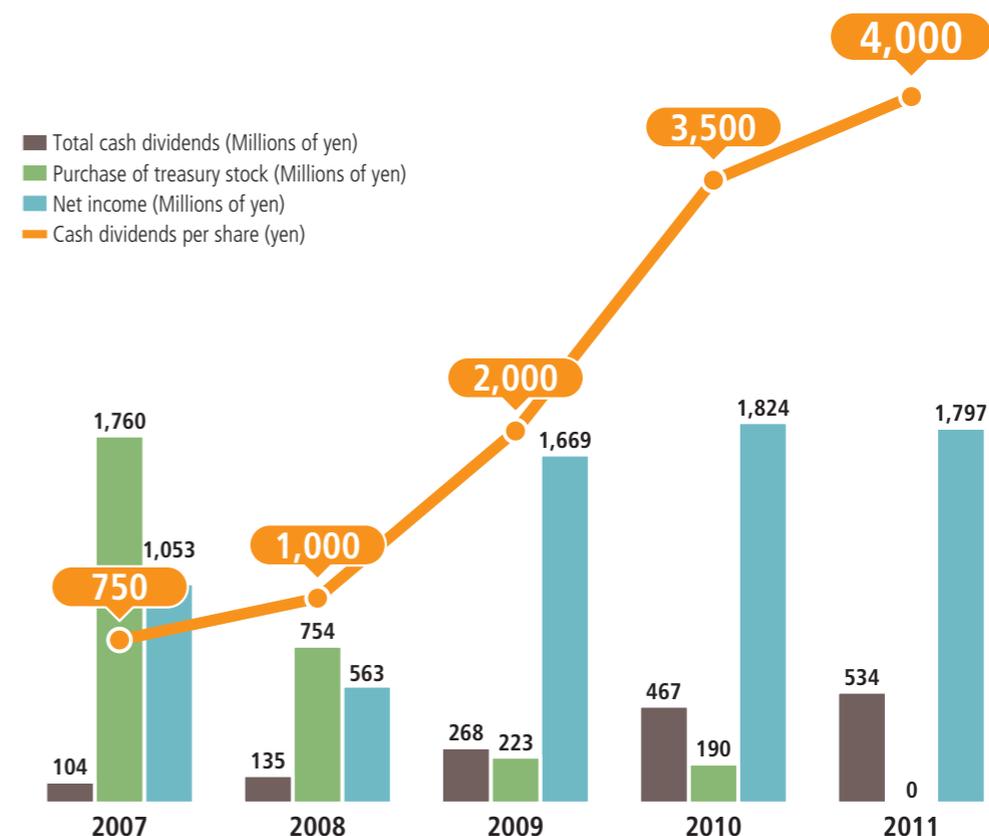


Final Dividend Increased by ¥500 to ¥4,000

The year-end cash dividend for the year ended September 30, 2011 was increased by ¥500 to ¥4,000 per share. The increase reflects the record operating income for the sixth consecutive year and our commitment to the increase in return of profits to our shareholders through dividends. The total payout ratio (*) stood at 29.7%.

We are determined to improve our shareholders' value through the expansion of enterprise value realized by a continued sustainable and high growth in sales and income, and to provide reliable returns to our shareholders through steady increases in dividend payments.

*Total payout ratio: The sum of cash dividends and share repurchasing divided by consolidated net income.



*A two-for-one stock split was implemented on April 1, 2008 to common stock held by the shareholders listed on the final registers of shareholders and beneficial shareholders as of March 31, 2008. Accordingly, the above dividends per share are those after adjustment for the said stock split.

Basic Approach to Corporate Governance

MTI's key management priorities include the establishment of a sound and highly transparent management structure, and the creation of systems to support timely, appropriate decision-making in response to changing business environments. One of the measures introduced with the aim of achieving these goals was the

adoption of a one-year term of office for directors. This has added a sense of urgency to the management environment, since directors are required to earn the confidence of shareholders every year. We are also working to strengthen and consolidate our compliance systems.

In accordance with our IR policy, we provide timely and accurate disclosure of information including financial results and other key management data. We also emphasize two-way communication with all stakeholders to enhance management transparency and build relationships of trust with market participants.

Implementation of Corporate Governance Policies

The tasks of the Board of Directors, which consists of eight internal directors and one external director, are to make important management decisions and supervise directors in the performance of their duties. In addition to its regular monthly meetings, the Board also convenes extraordinary meetings as required.

There are four statutory auditors, including one standing statutory auditor. All four are currently external statutory auditors. Their task is to strengthen the supervisory functions of management through activities including attendance at Board meetings and other important management meetings.

By basing its executive organization on an operating officer system, MTI has created a structure that supports clear chains of accountability and timely decision-making. The Management Committee, consisting mainly of directors and operating officers, meets two or three times a month to discuss important operational matters. Decisions by the President and CEO are guided by these deliberations.

MTI basically appoints its directors to serve concurrently as presidents of the key subsidiaries and receives regular reports on the status of business from them. Additionally, by centralizing the control functions of the subsidiaries

under the parent company, MTI Ltd., MTI monitors their business performance, as necessary, and has further strengthened its checks and balances.

MTI has appointed Ernst & Young ShinNihon LLC as its independent auditor. The independent auditor helps to ensure a high standard of transparency and accuracy in the Company's accounts by conducting regular audits and providing advice and verification on accounting matters. We have also retained outside experts on taxation and legal matters to provide advice as required.

Basic Approach to Internal Control Systems

The corporate governance of MTI and its subsidiaries (the "MTI Group") is based on the performance of duties in accordance with certain fundamental policies, specifically compliance with laws, regulations and social ethics ("regulatory compliance, etc."), dealing in good faith

with all stakeholders and appropriate disclosure of information, the maintenance of high standards of transparency and management soundness, and contribution to society through business activities that result in the creation of enterprise value. Under these fundamental

policies, we maintain and enhance internal control systems designed to ensure that business operations of the MTI Group are carried out appropriately as stipulated in the Companies Act and the Companies Act Enforcement Regulations.

Compliance Systems

Compliance with laws and regulations is a fundamental policy for the Company. In addition to the formulation of compliance-related regulations, we have established a Compliance Committee, and we implement various initiatives relating to compliance throughout the MTI Group.

Compliance-related initiatives are implemented under the leadership of the Compliance Committee in

cooperation with the relevant units of the MTI Group.

We have also established an internal reporting system through which employees can directly report matters of concern, such as doubts about the legality of activities. Any officer or employee of the MTI Group who becomes aware of matters of concern, such as actions of doubtful legality, can report such matters to the Compliance

Committee and the Board of Statutory Auditors through a reporting line or the internal reporting system. Depending on the seriousness of the matter reported, the Compliance Committee or the Board of Directors will formulate recurrence prevention measures in cooperation with the relevant units and take steps to disseminate information about these measures throughout the MTI Group.

Risk Management Systems

Individual organizational units and subsidiaries analyze risks relating to the performance of duties and devise countermeasures within the limits of their authority. Decisions on important matters that exceed the authority of individual business units are made after deliberations by the Management Committee or Board of Directors and are subject to continuous monitoring thereafter.

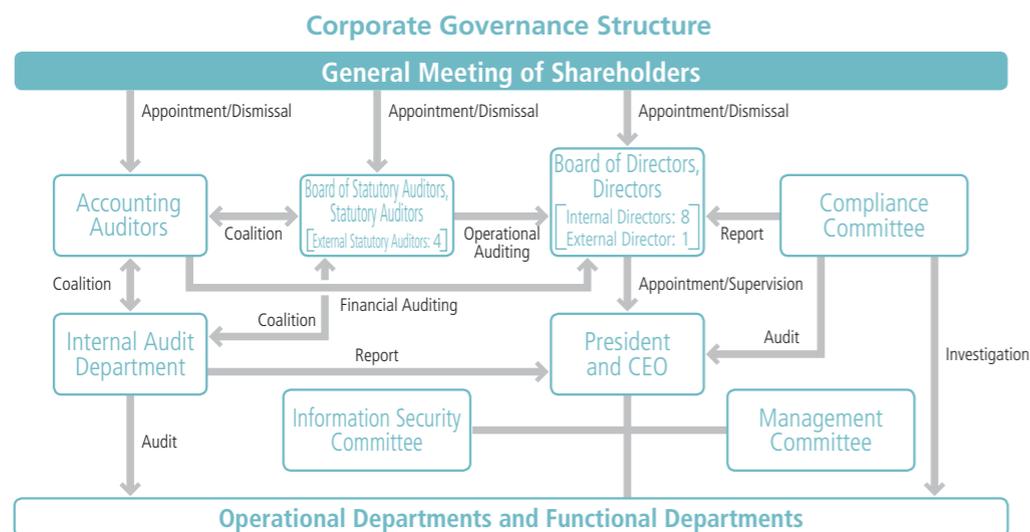
The Internal Audit Department audits risk management and related measures in relation to the performance of duties and the reliability of financial reporting and reports

its findings to the President, the Board of Directors and the Board of Statutory Auditors. In terms of other risk management activities and countermeasures at the corporate level, the Compliance Committee deliberates and promotes the necessary action items and reports on the status of such actions to the Board of Directors.

We formulated rules concerning our risk management structure as a framework for the assessment of risk factors and the management of those risks throughout the MTI Group. We are continually improving and strengthening

the systems used to provide comprehensive risk management for the entire MTI Group.

Steps were taken to ensure and maintain information security by formulating regulations concerning the use and protection of information assets. We established the Information Security Committee to develop and strengthen systems for the utilization and protection of information assets so that they can contribute to the business activities of the MTI Group.



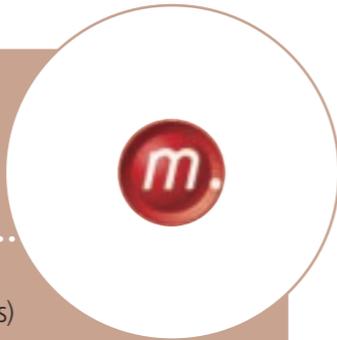
Charitable downloads

A portion of revenues from downloads donated to charities

music.jp® is engaged in a new type of social contribution, in which a portion of the revenues from *Chaku-uta Full*® (full-length song tracks) and *Chaku-uta*® (song ringtones) downloads is donated to charities.

Great East Japan Earthquake Charity Event

Many artists played their part in the support for areas afflicted by the Great East Japan Earthquake by "donating a portion of the revenues from music downloads to the afflicted areas." The Company also donated a portion of revenues through the Japanese Red Cross Society.



Support women's health campaigns

Support for the national movement, "Women's Health Week"

Luna-Luna® supports the national movement, "Women's Health Week." In addition to a special column for "Women's Health Week" showing the schedule of events, the Company has set up a "Special Feature for Cervical Cancer" which includes "Checking for the risk of cervical cancer" and "Cervical Cancer Examination," in order to contribute to women's health.



Activities to support victims of natural disasters

In addition to making donations, the Company's services were distributed free of charge

To victims of the Great East Japan Earthquake, which struck on March 11, 2011, the Company distributed free of charge the iPhone application, "Katei-no-igaku (Home Medicine)," which contained a host of information that would be useful for the afflicted areas in the midst of after shocks, including first aid, life-threatening symptoms and symptoms of illnesses (Regular price: ¥1,500. Free distribution ended on April 30, 2011.)

Additionally, the weather site, *Soradas Weather Forecast*, which also offers disaster-related information, is continuing to donate a portion of its revenue to victims of natural disasters, and on March 15, a donation was made through the Japanese Red Cross Society to the victims of the Great East Japan Earthquake.



Saving children's lives around the world

Looking after the well-being of children around the world

In order to ensure the well-being of children around the world, MTI is engaged in activities that require little more than the mindfulness and ingenuity of each employee.

Collecting Eco-caps at the Company

On seeing all the PET bottles being discarded in the Company's rubbish bins, one individual employee took the initiative to start a drive to collect PET bottle caps for the Ecocap Campaign. The Campaign gradually spread and now involves the entire MTI organization. In 2011, 175,000 caps were collected and sold to recycling companies through a NPO, Eco-cap Movement. The proceeds were donated to "a certified NPO, the Japan Committee for Vaccines for the World's Children (JCV)" and paid for vaccinations for 218.75 people.



Using "Red Cross Paper" and "Vaccine Paper"

MTI proactively uses "Red Cross Paper" to print its Corporate Profile and "Vaccine Paper" for company envelopes. By using these papers, the Company donates to the Red Cross, which engages in humanitarian activities around the world, and to campaigns that provide vaccination to the children around the world.





Financial Section

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Overview

In the mobile phone market, which is integral to the Company's core business, smartphone unit shipments in the year ended March 31, 2011 grew to 8.55 million units (approximately 3.7-fold year-on-year basis). This represents 22.7% of total mobile phone shipments (6.8% in the previous year), giving rise to predictions of further widespread use of smartphone terminals in the future (*1).

In conjunction with the above trend, the Company, anticipating dramatic growth of the mobile content market for smartphones, has been focusing on the development of smartphone services, ahead of its competitors.

In music content, the Company continued to acquire music for distribution to smartphones and launched its on-

demand streaming distribution service.

In terms of health-related information, we ran television commercials that appealed to smartphone users and set up an environment that would allow users to use accumulated data even when they migrate from feature phones to smartphones.

Thanks to these efforts, the number of paying subscribers to smartphone services steadily increased to 0.73 million as of September 30, 2011 (an increase of 0.73 million from September 30, 2010).

Meanwhile, in terms of feature phone services, the Company proactively conducted promotional activities including fortune-telling sites and decorative e-mails during the year-end and the New Year peak season, and succeeded in expanding its paying subscriber base. However, due to the decreasing trend in the number of paying subscribers reflecting the migration from feature phones to smartphones, the number of paying subscribers to feature phone services stood at 8.21 million as of September 30, 2011 (a decrease of 1.17 million year-on-year).

Consequently, the increase in the number of paying subscribers to smartphone services could not keep up with decrease in paying subscribers to feature phone services, which resulted in the total number of paying subscribers decreasing to 8.94 million (decrease of 0.44 million year-on-year) as of September 30, 2011.

(*1) Source: MM Research Institute, Ltd.

sales ratio as a result of the rising number of subscribers to services such as health information with a relatively low cost rate.

In terms of operating income, increases in certain selling, general and administrative expenses, namely personnel expenses, outsourcing expenses and depreciation and amortization, were offset by the increase in gross profit. As a result, operating income increased by 18.2% year-on-year to ¥3,702 million, which marked the sixth consecutive year of a record-high in operating income.

Net income

Despite the increase in income before income taxes, consolidated subsidiaries continued to sustain losses, which caused the effective income tax rate to increase, which, in turn, resulted in the net income to decrease by 1.5% year-on-year to ¥1,797 million. ROE dropped by 4.1 percentage points to 20.4%.

Assets, Liabilities and Net Assets

Assets
Total assets as of September 30, 2011 were ¥15,881 million, an increase of ¥790 million from September 30, 2010.

Current assets

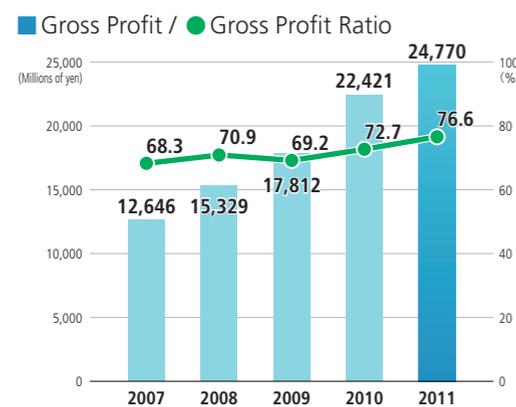
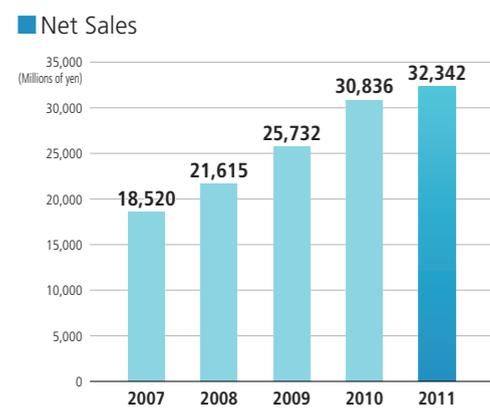
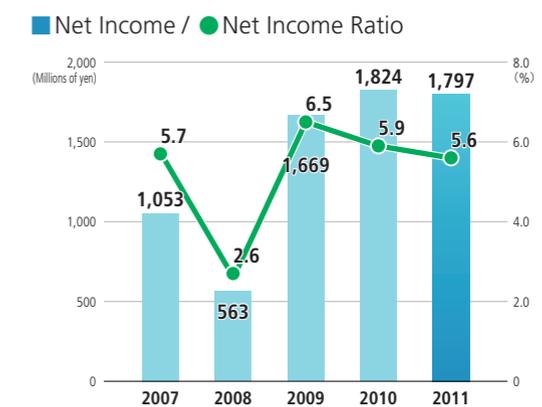
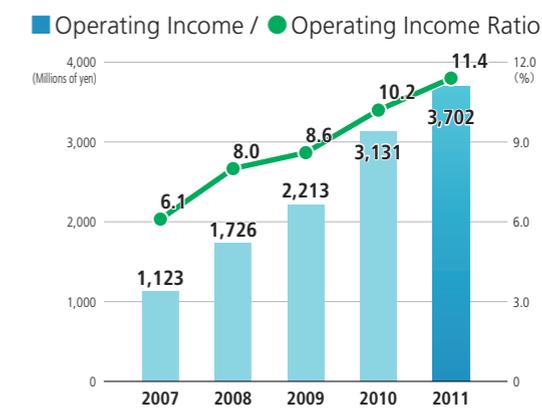
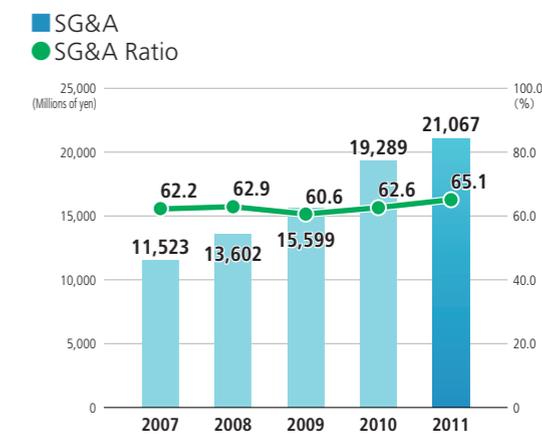
Current assets fell by ¥401 million to ¥11,470 million, mainly due to the ¥174 million decrease in deferred tax assets and the ¥97 million decrease in advances.

Noncurrent assets

Noncurrent assets rose by ¥1,192 million to ¥4,411 million, mainly due to increases in software, goodwill, and investment securities in the amounts of ¥494 million, ¥313 million, and ¥319 million, respectively.

Liabilities

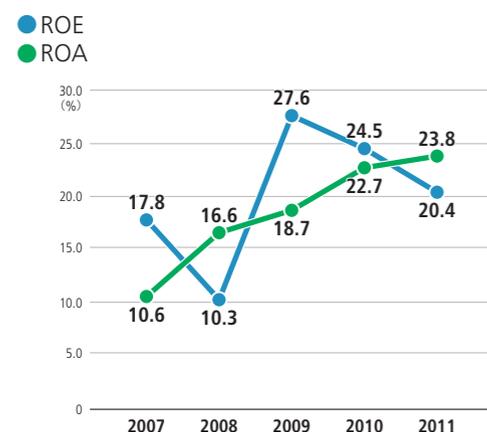
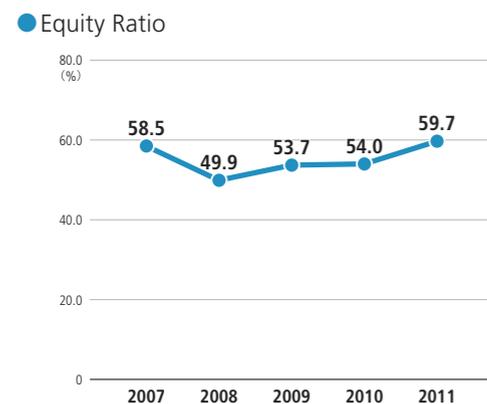
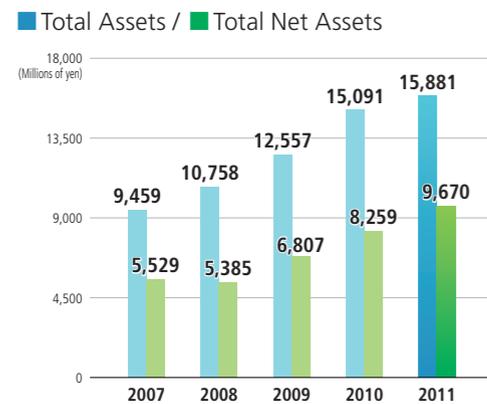
Total liabilities as of September 30, 2011 were ¥6,210 million, a decrease of ¥621 million from September 30, 2010.



Net Sales, Gross Profit and Operating Income

Net sales for the fiscal year under review rose by 4.9% from the previous fiscal year to ¥32,342 million, due to the expansion of the paying subscriber base during the first two quarters.

Gross profit increased by 10.5% year-on-year to ¥24,770 million, reflecting the revenue increase as well as the decrease in the number of downloads of music contents and the decline in the cost-of-



Current Liabilities

Current liabilities fell by ¥661 million to ¥5,626 million from September 30, 2010, mainly due to decreases in accounts payable-trade, allowance for coin usage, and income taxes payable, in the amounts of ¥438 million, ¥372 million and ¥204 million, respectively.

Noncurrent liabilities

Noncurrent liabilities rose by ¥39 million to ¥584 million from September 30, 2010, mainly due to the ¥92 million increase in long-term accounts payable and the ¥95 million increase in provision for retirement benefits, despite the ¥200 million decrease in long-term loans payable.

Interest-bearing debt

Interest-bearing debt fell by ¥138 million to ¥360 million from September 30, 2010.

Net assets

Net assets as of September 30, 2011 amounted to ¥9,670 million. The year-on-year increase of ¥1,411 million from September 30, 2010 was due mainly to the posting of ¥1,797 million in net income.

The equity ratio as of September 30, 2011 improved by 5.7 percentage points from the previous fiscal year-end to 59.7%.

Cash Flows

Cash and cash equivalents as of September 30, 2011 amounted to ¥3,108 million, increasing from the previous fiscal year-end by ¥9 million. Details of cash flows during the fiscal year under review are described below.

Net cash provided by (used in) operating activities

Net cash provided by operating activities for the fiscal year ended September 30, 2011 was ¥2,986 million, compared with ¥3,175 million for the previous fiscal year. While there were major cash out-flow factors, such as the ¥2,000 million income

taxes paid and ¥442 million from the decrease in accounts payable-trade, they were covered by ¥3,578 million income before income taxes, ¥1,167 million depreciation and amortization and other cash in-flow factors.

Net cash provided by (used in) investing activities

Net cash used in investing activities for the fiscal year ended September 30, 2011 resulted in ¥2,417 million, compared with ¥1,004 million for the previous fiscal year. Proceeds from the collection of lease and guarantee deposits of ¥140 million was offset by cash out-flow factors such as the ¥1,642 million for purchase of intangible assets consisting mainly of software.

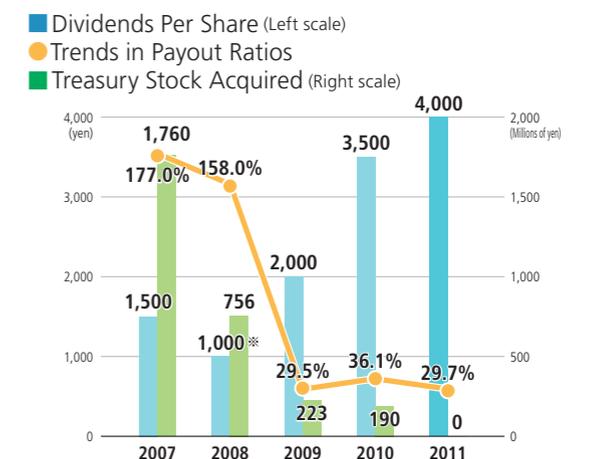
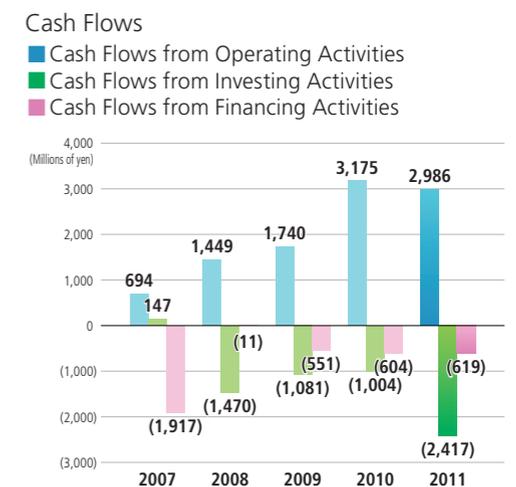
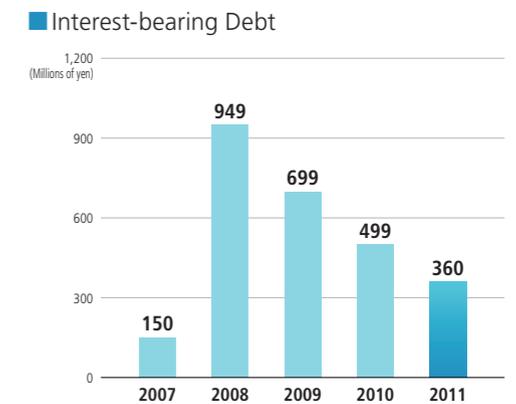
Net cash provided by (used in) financing activities

Net cash used in financing activities for the fiscal year ended September 30, 2011 was ¥619 million, compared with ¥604 million for the previous fiscal year. Major cash out-flow items included ¥467 million cash dividends paid and ¥200 million repayments of long-term loans payable.

Policy on Returning Profits to Shareholders

Regarding returning profits to shareholders, the Company employs a basic capital strategy of achieving a well thought out balance between sustainable medium-to long-term growth rates for sales and profits and returning profits to shareholders. In line with this strategy, the Company aims to achieve a total payout ratio (the ratio of the total of dividends and the purchase of treasury stock to consolidated net income) of 35%, while striving to build up internal reserves to provide for aggressive business development.

Regarding dividend payments for the fiscal year ended September 30, 2011, the Company increased the annual dividends per share by ¥500 to ¥4,000, in consideration of



the record-high consolidated operating income achieved over six consecutive years, and to increase the return of profits to shareholders by cash dividends, while in view of the outlook for lower profits in the fiscal year ending September 30, 2012. As a result, the payout ratio for the fiscal year under review was 29.7%.

Business Risk and Other Risk Factors —

The major risk factors that the Company encounters in the operation of its business are listed below. As part of its information disclosure to investors, the Company also proactively discloses factors that may not necessarily be equivalent to risk factors, but are considered important or beneficial to making investment decisions or to understanding of the Company's business activities.

The Company is aware of the possibility of the actual occurrence of events underlying these business risks, and takes action to prevent their occurrence and is prepared to respond rapidly should those conditions occur. Nevertheless, the Company believes that any investment decision regarding its stock should be carefully considered weighing both the risk factors and other information which may not be stated here. Readers are cautioned that the factors stated below do not cover every conceivable risk factor regarding investment in the Company's stock.

Reliance on key individuals

Toshihiro Maeta, the Company's president and chief executive officer, serves a pivotal role in the creation of business models and accumulation of know-how in data analysis techniques, which are essential strengths of the Company. He also plays an important role in driving

daily business activities. The Company has taken steps to develop and reinforce its human resources to establish a business structure that is not excessively reliant on Mr. Maeta. Notwithstanding these efforts, if a situation were to arise in which for any reason Mr. Maeta would be unable to carry out his duties, it could have a significant impact on the business performance of the Company.

Unexpected changes in the business environment

Regarding mobile content distribution services which is the Company's core operation, in the event of the following possible situations, future conditions could differ from the outlook for net sales or operating expenses currently envisaged by the Company. As a result, the Company might be forced to make changes in its management policies, business strategies or other aspects that could impact negatively on the Company's business performance.

- (1) The emergence of indeterminate factors beyond those envisaged at the time projections were made, resulting from the drastic changes in the market environment. These factors could include a significantly less-than-forecast increase in the number of paying subscribers to smartphone services, a significantly greater-than-forecast decrease in the number of paying subscribers to feature phone services, and major changes in user preferences.
- (2) A loss of the Company's ability to differentiate itself from its industry competitors in such aspects as the nature, quality or price of contents, resulting in the Company being unable to achieve its targeted number of paying subscribers. Other possible

situations include intensifying industry competition in acquiring subscribers and increasingly severe price competition destroying the Company's cost competitiveness, preventing it from maintaining paying subscriber bases.

- (3) Services or technologies become outdated because of such factors as delays in the development or provision of services to meet smartphone user needs or in changes in the income structure and in state-of-the-art technologies, resulting from the rapid progress of technical innovation. In addition, situations in which content production costs rise more rapidly than expected, making it impossible to maintain an efficient development structure for the creation of content, and driving operations into the red.
- (4) The market for mobile content distribution suddenly declines or becomes saturated, or advertising and other publicity do not achieve the expected sales impact, rendering the targeted goal for the number of paying subscribers impossible. Other situations include the cost of procuring content rising more rapidly than expected, making it difficult to secure a profit.
- (5) Revisions to existing laws and regulations, and/or enactment of new laws and regulations that regulate the Company's business activities, may give rise to changes in the content of services or to other factors, such as increases in the cost of operating and maintaining services, restrictions of business development, or possibly discontinuation of certain operations according to circumstances, that may be unavoidable to satisfy the requirements of the relevant regulations.

Inoperability of information network

The Company engages in business activities that use communications and information systems. It is therefore susceptible to long-term inoperability of its information network caused by such events as natural disasters and accidents, system failure caused by an unanticipated surge in the number of users accessing the system, loss of important data due to viruses or unauthorized access to its computers by third parties, or other factors. Under these circumstances there may be no alternative but to suspend business activities, which could impact negatively on the Company's business performance.

Leakage of personal information

The Company enforces a strict policy to completely protect the personal information obtained in the course of its operation. Protection measures include the establishment of strict control systems for personal information, maintenance of information security, establishment and enhancement of internal regulations regarding personal information handling, and education and training of employees and other business partners. However, should leakage of personal information occur despite the Company's thorough precautions, the Company's business performance could be negatively affected.

Infringement of intellectual property rights

The Company operates and develops its business while being cautious not to infringe on the intellectual property rights of third parties. However, it is possible that it could do so without knowing, and the third party concerned may initiate litigation to demand compensation, cessation, or some other remedy. These actions could impact negatively on the Company's business performance.

Consolidated Balance Sheets

As of September 30, 2010 and 2011

ASSETS	Thousands of yen	
	As of September 30, 2010	As of September 30, 2011
Current assets		
Cash and deposits	3,099,008	3,108,759
Accounts receivable-trade	7,669,115	7,633,523
Advance payments-trade	190,024	92,322
Prepaid expenses	259,783	241,414
Accounts receivable-other	168,418	110,191
Deferred tax assets	789,718	614,747
Other	29,526	40,407
Allowance for doubtful accounts	(333,355)	(370,934)
Total current assets	11,872,239	11,470,431
Noncurrent assets		
Property, plant and equipment		
Buildings and accompanying facilities	283,027	313,131
Accumulated depreciation	(137,729)	(164,298)
Buildings and accompanying facilities, net	145,297	148,832
Tools, furniture and fixtures	192,253	288,659
Accumulated depreciation	(108,458)	(183,553)
Tools, furniture and fixtures, net	83,795	105,105
Total property, plant and equipment	229,093	253,938
Intangible assets		
Software	1,511,065	2,005,421
Goodwill	—	313,614
Other	11,439	19,743
Total intangible assets	1,522,504	2,338,779
Investments and other assets		
Investment securities	324,413	643,855
Lease and guarantee deposits	594,264	462,769
Deferred tax assets	508,979	656,341
Other	50,298	66,468
Allowance for doubtful accounts	(10,402)	(10,826)
Total investments and other assets	1,467,553	1,818,608
Total noncurrent assets	3,219,151	4,411,326
Total assets	15,091,391	15,881,758

LIABILITIES	Thousands of yen	
	As of September 30, 2010	As of September 30, 2011
Current liabilities		
Accounts payable-trade	1,979,920	1,541,416
Current portion of long-term loans payable	200,196	200,196
Accounts payable-other	1,359,546	1,555,498
Accrued expenses	408,905	451,137
Income taxes payable	1,248,988	1,044,026
Accrued consumption taxes	129,067	143,613
Allowance for coin usage	869,627	497,141
Provision for directors' bonuses	23,652	34,806
Other	67,604	158,471
Total current liabilities	6,287,509	5,626,307
Noncurrent liabilities		
Convertible bonds	—	61,392
Long-term loans payable	299,314	99,118
Long-term accounts payable-other	—	92,327
Provision for retirement benefits	158,934	254,522
Negative goodwill	86,130	77,012
Other	141	141
Total noncurrent liabilities	544,520	584,514
Total liabilities	6,832,029	6,210,822
Net assets		
Shareholders' equity		
Capital stock	2,562,740	2,562,740
Capital surplus	3,072,920	3,072,920
Retained earnings	2,580,485	3,819,710
Treasury stock	(90,624)	—
Total shareholders' equity	8,125,522	9,455,371
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	21,564	25,923
Foreign currency translation adjustment	(1,590)	6,971
Total valuation and translation adjustments	19,973	32,895
Subscription rights to shares	113,865	163,897
Minority interests	—	18,771
Total net assets	8,259,361	9,670,935
Total liabilities and net assets	15,091,391	15,881,758

Consolidated Statements of Operations

For the year ended September 30, 2010 and 2011

	Thousands of yen	
	Years ended September 30, 2010	Years ended September 30, 2011
Net sales	30,836,621	32,342,204
Cost of sales	8,415,026	7,571,844
Gross profit	22,421,594	24,770,360
Selling, general and administrative expenses	19,289,697	21,067,962
Operating income	3,131,896	3,702,398
Non-operating income		
Interest income	116	215
Dividends income	3,683	4,125
Amortization of negative goodwill	9,117	9,387
Equity in earnings of affiliates	116	—
Gain on reversal of subscription rights to shares	—	7,456
Other	10,302	8,327
Total non-operating income	23,336	29,512
Non-operating expenses		
Interest expenses	17,379	13,636
Equity in losses of affiliates	—	12,290
Recovery expenses	—	7,644
Other	5,188	5,978
Total non-operating expenses	22,567	39,549
Ordinary income	3,132,665	3,692,360
Extraordinary gains		
Gain on sales of investment securities	103,198	—
Reversal of allowance for coin usage	—	246,941
Other	7,732	—
Total extraordinary gains	110,930	246,941
Extraordinary loss		
Loss on retirement of noncurrent assets	70,791	57,660
Loss on valuation of investment securities	62,103	75,413
Loss on cancellation of leases	55,768	—
Goodwill impairment loss	—	200,183
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27,821
Total extraordinary losses	188,664	361,079
Income before income taxes	3,054,931	3,578,222
Income taxes-current	1,434,800	1,790,061
Income taxes-deferred	(204,785)	24,617
Total income taxes	1,230,014	1,814,678
Income before minority interests	—	1,763,543
Minority interests in income	—	(34,213)
Net income	1,824,916	1,797,757

Consolidated Statements of comprehensive income

For the year ended September 30, 2010 and 2011

	Thousands of yen	
	Years ended September 30, 2010	Years ended September 30, 2011
Income before minority interests	—	1,763,543
Other comprehensive income		
Valuation difference on available-for-sale securities	—	4,359
Foreign currency translation adjustment	—	10,246
Share of other comprehensive income of associates accounted for using equity method	—	(1,683)
Total other comprehensive income	—	12,922
Comprehensive income	—	1,776,465
(Breakdown)		
Comprehensive income attributable to owners of the parent	—	1,810,679
Comprehensive income attributable to minority interests	—	(34,213)

Consolidated Statements of Changes in Net Assets

For the year ended September 30, 2010 and 2011

	Thousands of yen	
	Years ended September 30, 2010	Years ended September 30, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	2,535,392	2,562,740
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	27,347	—
Total changes of items during the period	27,347	—
Balance at the end of current period	2,562,740	2,562,740
Capital surplus		
Balance at the end of previous period	3,045,573	3,072,920
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	27,347	—
Total changes of items during the period	27,347	—
Balance at the end of current period	3,072,920	3,072,920
Retained earnings		
Balance at the end of previous period	1,123,839	2,580,485
Changes of items during the period		
Dividends from surplus	(268,684)	(467,908)
Net income	1,824,916	1,797,757
Retirement of treasury stock	(99,587)	(90,624)
Total changes of items during the period	1,456,645	1,239,224
Balance at the end of current period	2,580,485	3,819,710
Treasury stock		
Balance at the end of previous period	—	(90,624)
Changes of items during the period		
Purchase of treasury stock	(190,211)	—
Retirement of treasury stock	99,587	90,624
Total changes of items during the period	(90,624)	90,624
Balance at the end of current period	(90,624)	—
Total shareholders' equity		
Balance at the end of previous period	6,704,805	8,125,522
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	54,695	—
Dividends from surplus	(268,684)	(467,908)
Net income	1,824,916	1,797,757
Purchase of treasury stock	(190,211)	—
Retirement of treasury stock	—	—
Total changes of items during the period	1,420,717	1,329,849
Balance at the end of current period	8,125,522	9,455,371

	Thousands of yen	
	Years ended September 30, 2010	Years ended September 30, 2011
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	42,897	21,564
Changes of items during the period		
Net changes of items other than shareholders' equity	(21,332)	4,359
Total changes of items during the period	(21,332)	4,359
Balance at the end of current period	21,564	25,923
Foreign currency translation adjustment		
Balance at the end of previous period	—	(1,590)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,590)	8,562
Total changes of items during the period	(1,590)	8,562
Balance at the end of current period	(1,590)	6,971
Total valuation and translation adjustments		
Balance at the end of previous period	42,897	19,973
Changes of items during the period		
Net changes of items other than shareholders' equity	(22,923)	12,922
Total changes of items during the period	(22,923)	12,922
Balance at the end of current period	19,973	32,895
Subscription rights to shares		
Balance at the end of previous period	59,377	113,865
Changes of items during the period		
Net changes of items other than shareholders' equity	54,487	50,031
Total changes of items during the period	54,487	50,031
Balance at the end of current period	113,865	163,897
Minority interests		
Balance at the end of previous period	—	—
Changes of items during the period		
Net changes of items other than shareholders' equity	—	18,771
Total changes of items during the period	—	18,771
Balance at the end of current period	—	18,771
Total net assets		
Balance at the end of previous period	6,807,080	8,259,361
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	54,695	—
Dividends from surplus	(268,684)	(467,908)
Net income	1,824,916	1,797,757
Purchase of treasury stock	(190,211)	—
Net changes of items other than shareholders' equity	31,564	81,724
Total changes of items during the period	1,452,281	1,411,574
Balance at the end of current period	8,259,361	9,670,935

Consolidated Statements of Cash Flows

For the year ended September 30, 2010 and 2011

	Thousands of yen	
	Years ended September 30, 2010	Years ended September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes	3,054,931	3,578,222
Depreciation and amortization	914,344	1,167,125
Amortization of goodwill	—	111,671
Amortization of negative goodwill	(9,117)	(9,387)
Increase (decrease) in allowance for doubtful accounts	(3,700)	35,063
Increase (decrease) in allowance for coin usage	66,562	(372,485)
Increase (decrease) in provision for retirement benefits	38,524	95,588
Interest and dividends income	(3,799)	(4,340)
Interest expenses	17,379	13,636
Equity in (earnings) losses of affiliates	(116)	12,290
Loss on retirement of noncurrent assets	70,791	57,660
Loss (gain) on sales of investment securities	(103,198)	—
Loss (gain) on valuation of investment securities	62,103	75,413
Goodwill impairment loss	—	200,183
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	27,821
Decrease (increase) in notes and accounts receivable-trade	(935,449)	87,272
Decrease (increase) in advances payments	128,429	97,702
Decrease (increase) in prepaid expenses	34,154	44,400
Decrease (increase) in accounts receivable-other	(16,745)	58,981
Increase (decrease) in notes and accounts payable-trade	5,597	(442,341)
Increase (decrease) in accounts payable-other	236,483	24,937
Increase (decrease) in accrued expenses	61,117	38,907
Increase (decrease) in accrued consumption taxes	63,107	14,196
Other, net	58,293	83,971
Subtotal	3,739,696	4,996,492
Interest and dividends income received	79,383	4,340
Interest expenses paid	(17,379)	(13,636)
Income taxes paid	(626,221)	(2,000,806)
Net cash provided by (used in) operating activities	3,175,478	2,986,389
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(61,805)	(60,065)
Purchase of intangible assets	(1,117,675)	(1,642,686)
Purchase of investment securities	(44,057)	(409,477)
Proceeds from sales of investment securities	236,200	8,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(414,829)
Proceeds from collection of lease and guarantee deposits	—	140,745
Other, net	(17,103)	(39,370)
Net cash provided by (used in) investing activities	(1,004,442)	(2,417,684)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(200,196)	(200,196)
Proceeds from issuance of bonds	—	64,704
Proceeds from issuance of common stock	54,695	269
Purchase of treasury stock	(190,211)	—
Cash dividends paid	(268,684)	(467,908)
Other, net	—	(16,786)
Net cash provided by (used in) financing activities	(604,395)	(619,917)
Effect of exchange rate change on cash and cash equivalents	—	10,246
Net increase (decrease) in cash and cash equivalents	1,566,640	(40,966)
Cash and cash equivalents at beginning of period	1,532,367	3,099,008
Increase in cash and cash equivalents from newly consolidated subsidiary	—	50,717
Cash and cash equivalents at end of period	3,099,008	3,108,759

Corporate and Stock Information

MTI Ltd. and Consolidated Subsidiaries
For the year ended September 30, 2011

Corporate Data

Corporate name	MTI Ltd.
Founded	August 12, 1996
Capital	¥2,562 million (As of September 30, 2011)
Number of employees	699 (consolidated) (As of September 30, 2011)
Main businesses	Content distribution business
Head office	35th Floor, Tokyo Opera City Tower 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1435, Japan
MTI Group Companies	TeraMobile, Inc. FIL Corporation Mediano Inc. MTI EMEA Ltd. Jibe Mobile, Inc. MShift, Inc. SHANGHAI HYRON MTI CO., LTD.
URL	http://www.mti.co.jp/

Board of Directors and Statutory Auditors (As of December 23, 2011)

President and Chief Executive Officer	Toshihiro Maeta	Director	Ryuichi Sasaki
Executive Vice President	Hiroshi Izumi	Director	Masaya Onagi
Executive Vice President	Haruo Taneno	Statutory Auditor (Standing Auditor)	Tsutomu Minoura
Senior Managing Director	Tsuguo Takahashi	Statutory Auditor	Yoshinobu Nakamura
Managing Director	Katsunori Osawa	Statutory Auditor	Kazuhiko Sakishima
Director	Yoshihiro Shimizu	Statutory Auditor	Kazuko Oya
Director	Hiroshi Matsumoto		

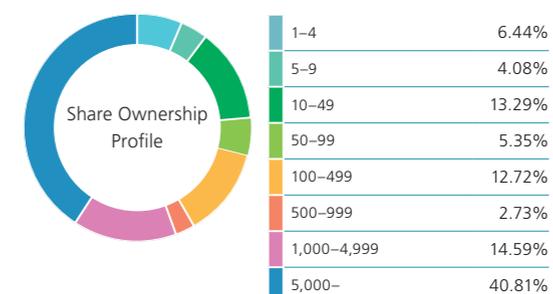
Major Shareholders

	Number of shares held	Controlling share
Toshihiro Maeta	29,314	21.93
KMC, Inc.	25,240	18.88
Japan Trustee Service Bank, Ltd. (Trust Account)	4,313	3.23
State Street Bank and Trust Company 505223	2,503	1.87
State Street Bank and Trust Company 505041	1,700	1.27
Shobunsha Publications, Inc.	1,680	1.26
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	1,619	1.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,509	1.13
Northern Trust Company AVFC Re U.S. Tax Exempted Pension Funds	1,462	1.09
CBNY Principal Life Insurance Company	1,280	0.96

Common Stock

Stock Code	9438
Listing	Osaka Securities Exchange (JASDAQ)
Number of shares authorized	447,600 shares
Numbers of shares outstanding	133,688 shares
Number of shareholders	6,263 shareholders

Breakdown of Shareholding by Investor Type (As of September 30, 2011)





MTI Ltd.

35th Floor, Tokyo Opera City Tower 3-20-2
Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1435, Japan



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