



Year ended September 30, 2015

Annual Report 2015

MTI Ltd.



Toward Continuous Growth

MISSION

MTI will help build a brighter future for society made possible by new and evolving capabilities of mobile handsets.

VISION

By always being at the customers' side and realizing their dreams through innovative, high-quality services, we aim to become a Mobile Dream Factory.



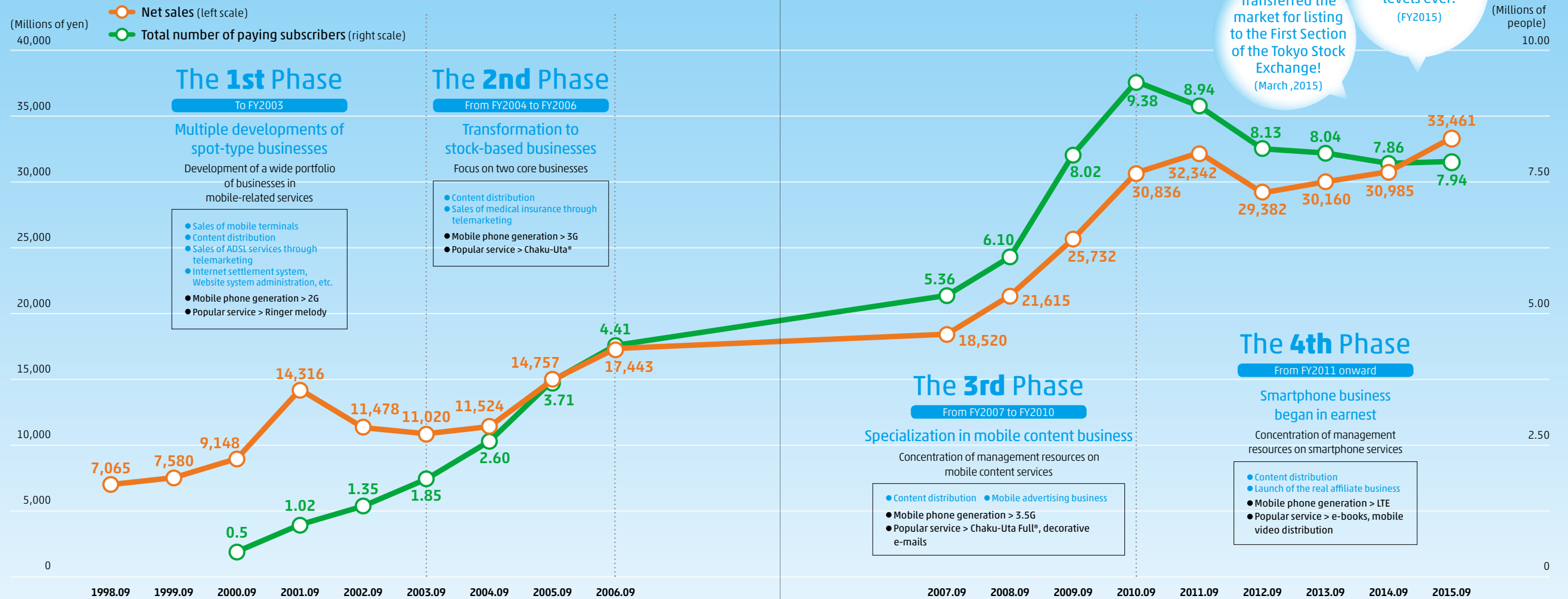
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HISTORY

Since its establishment in August 1996, MTI has expanded its operations by constantly adapting to changes in the business conditions and shifting its business lines according to the circumstances.

MTI expanded multiple smartphone services in a dominant manner at the point where it switched over to those services, making the most of the experience and knowhow gained through its operations associated with mobile communications.



In the fiscal year ended September 30, 2015, MTI changed the market of its share listing from the JASDAQ of the Tokyo Stock Exchange to the First Section of the same Exchange. MTI also achieved record-high consolidated results in the same fiscal year.

MTI will continue its growth by sustaining efforts to expand its smartphone services and, at the same time, by approaching healthcare services, a business field with significant growth potential, on a medium- to long-term basis.

Top Message

Toward Continuous Growth



Toshihiro Maeta
President and Chief Executive Officer



Looking back at the fiscal year ended September 30, 2015

The number of paying subscribers on smartphones surpassed 6 million.

MTI (hereinafter referred to as the “Company”) has the advantage of being by far the largest network of real affiliates (RAF) that promote content subscription to customers who visit cellphone shops throughout Japan. Using this advantage to the maximum, the company aggressively promoted content subscription, focusing on occasions such as annual battles for sales of mobile devices and releases of new models. As a result, the number of paying subscribers on smartphones increased to 6 millions of people. Their growth enabled the company to post a net increase in the total number of paying subscribers, to 7.94 millions of people.

Profits reached the highest levels ever.

Looking at the consolidated results, both sales and profits rose to the highest levels ever in the fiscal year ended September 30, 2015.

Consolidated net sales for MTI increased to ¥33,461 million (up 8.0% from the previous fiscal year), reflecting factors such as an improvement in the average revenue per user (ARPU) achieved in leading services and increased net sales for fixed monthly fee unlimited use services provided by cellphone carriers.

Consolidated operating income for the Company also expanded substantially to ¥4,245 million (up 66.0% year on year), attributable to the well-modulated and appropriate control of selling, general and administrative expenses.

Consolidated results for the FY2015

Net sales	¥33,461 millions (Up 8.0% Year-on-year)
Gross profit	¥28,022 millions (Up 7.8% Year-on-year)
Operating income	¥4,245 millions (Up 66.0% Year-on-year)
Net income	¥2,607 millions (Up 94.9% Year-on-year)
Cash dividend per share	¥14 (Up ¥5.5 Year-on-year)

Forecast for the fiscal year
ending September 30, 2016

Achieving the highest profits for
the second consecutive fiscal year

In the fiscal year ending September 30, 2016, the Company aims to achieve the highest profits ever for the second consecutive fiscal year by continuing to focus on increasing the number of paying subscribers on smartphones and working to improve ARPU, which has been its strong point. The Company will promote subscriptions to its own content boasting high ARPU and seek to increase the number of paying subscribers on smartphones, making the most of the real affiliate network in which it has an advantage. In addition, the Company will work to expand the lineup of services offering high added value that enable it to gain an understanding of customer demand and increase their level of satisfaction based on such understanding.



Basic Policies for FY2016

- ▶ Further expansion in the number of paying subscribers for smartphone service
Enhancement in the Real Affiliate Network
- ▶ Improvement in average revenue per user(ARPU)
Enlargement of contents service
- ▶ Mid-to-long-term approach
Phase to achieve sales for the Healthcare-related service

Forecast for the FY2016

Net sales
¥35,000 millions (Up 4.6% Year-on-year)

Operating income
¥4,700 millions (Up 10.7% Year-on-year)

Profit attributable to owners of parent
¥2,700 millions (Up 3.6% Year-on-year)

Cash dividend per share
¥16 (Up ¥2 Year-on-year)

Toward continuous growth

The Company aims to increase the number of paying subscribers in fields where expansion can be expected within the larger market for smartphone services. In an additional step, the Company will positively approach the generation of business opportunities by developing new services that only smartphones can provide. Through these activities, the Company will work to sustain its growth.

The business of healthcare-related services offers particularly strong potential for future growth. The Company plans to concentrate its management resources on this business and approach it from a medium-and long-term perspective because healthcare-related services could be lifetime companions that customers continue to use.

Paying subscribers to KARADAmica, a health Q&A website where medical professionals answer questions around the clock, are growing in number. In response to the trend, the Company will expand and improve the substance of this service and work to link it more closely with other healthcare-related services.

The Company will also link and integrate its own services, including genetic analysis, the e-medicine notebook, medical examinations, nutritional consultations and machine-to-machine linkages. At the same time, the Company will encourage their adoption as business systems.

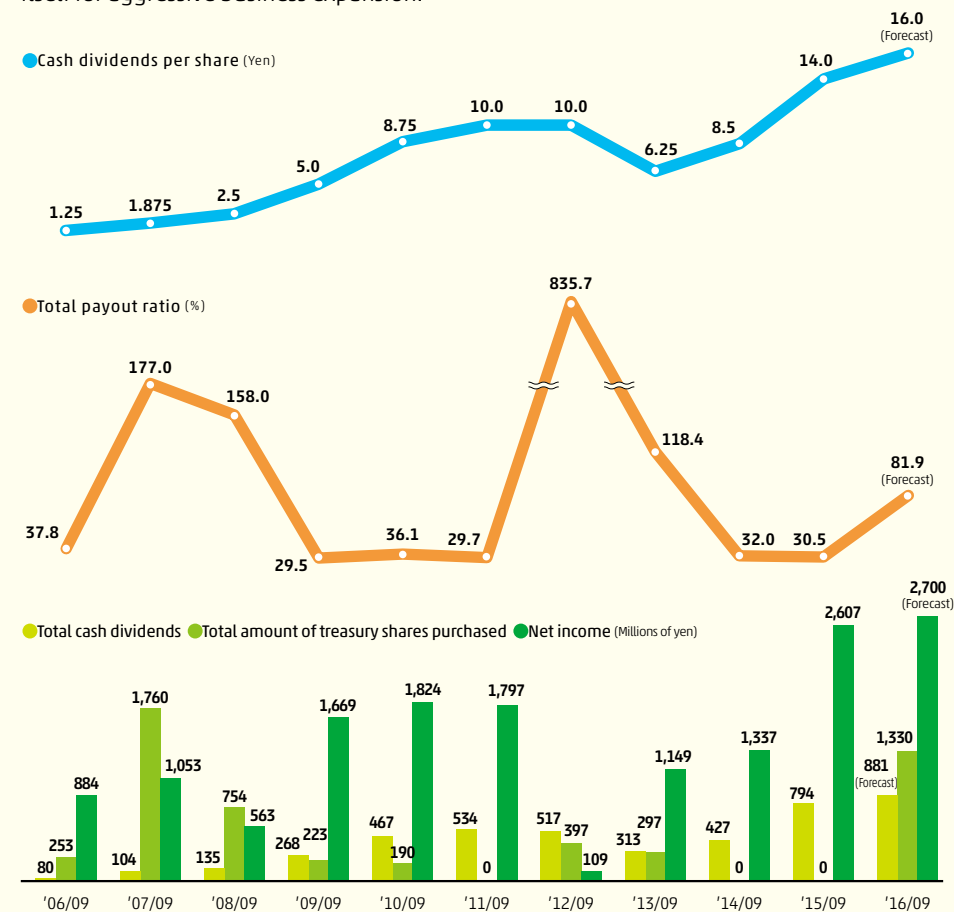
Policy on Returning Profits to Shareholders

The Company prioritizes market capitalization improvement through corporate value generation and enhancement and the sustained distribution of profits.

The Company will distribute its profits to shareholders with a total payout ratio of 35% as a medium-term target, taking into consideration the basic capital policy of balancing sales and profit growth that is sustainable over the medium to long term with profit returns to shareholders, and the internal reserves necessary for preparing itself for aggressive business expansion.

In the fiscal year ended September 30, 2015, the Company increased its annual cash dividends to 14 yen per share (up 5.5 yen from the previous fiscal year), giving consideration to record consolidated profits posted in the fiscal year.

In the fiscal year ending September 30, 2016, the Company is planning to pay annual cash dividends of 16 yen per share (up 2.0 yen from the fiscal year under review), anticipating that its consolidated profits will reach record highs again.



* Total cash dividends and the total amount of treasury shares purchased in the fiscal year ending September 30, 2016 are calculated from the number of shares issued and outstanding and treasury shares as of February 29, 2016.
 * The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2008.
 * The Company conducted a 100-for-1 common stock split that became effective as of April 1, 2013.
 * The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2014.
 * The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2015.
 * Cash dividends stated are figures after the said stock split.

SPECIAL FEATURE



Toward Continuous Growth



BASIC POLICIES FOR FY2016

1

Further expansion in the number of paying subscribers for smartphone service

Enhancement in the Real Affiliate Network

2

Improvement in average revenue per user (ARPU)

Enlargement of contents service

3

Mid-to-long-term approach

Phase to achieve sales for the Healthcare-related service



In this section, we explain our three basic policies and the approaches we are taking in the fiscal year ending September 30, 2016 based on these policies.

What is MTI's strength?

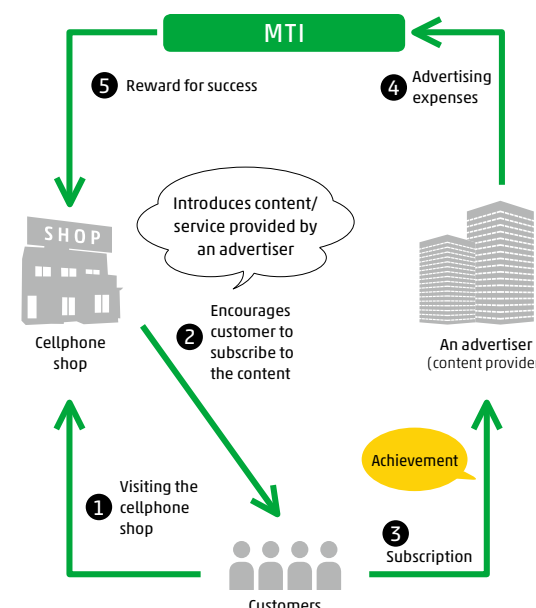
The Company has the advantage of a real affiliate (RAF) network that is the clear number one. The Company uses this network to promote subscriptions to content owned by itself or other companies to people who visit cell-phone shops throughout Japan.



Hokkaido, Tohoku, Kita-kanto, Hokuriku, Tokyo, Tokai, Kansai, Chugokushikoku, Kyushu, Okinawa

Keyword

What does "real affiliate" mean?



The Company introduces its own and other companies' content at physical locations that are cellphone shops throughout Japan. The Company calls these shops real affiliates because it pays them fees when they achieve results (when visitors to them choose to subscribe to the introduced content). Extending this practice, the Company calls its sales network of cellphone shops nationwide the real affiliate (RAF) network.

Enhancement in the Real Affiliate Network

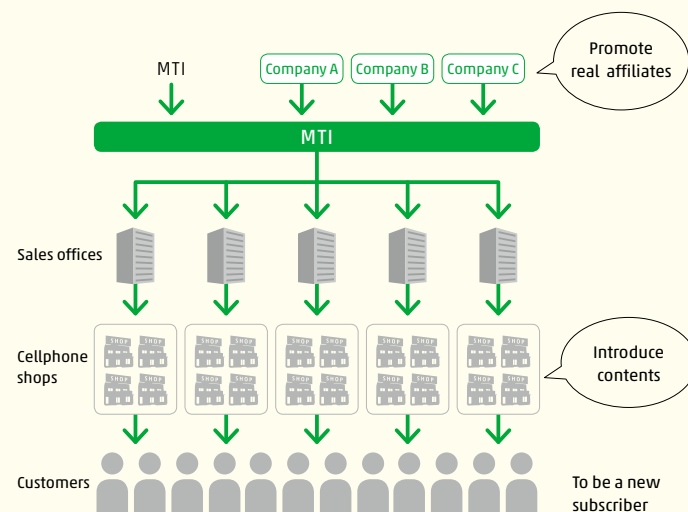
① What specific approaches has MTI adopted for strengthening its RAF network?

The Company is advancing the following measures to make its RAF network stronger:

The Company is aiming to increase the number of paying subscribers on smartphones through growth in the number of new paying subscribers and improvement of the turnover ratio achieved with the persistent implementation of the quantitative and qualitative approaches explained below.

● Sales offices establishment throughout Japan

The Company had previously supported cellphone shops throughout Japan by sending its employees to them from Tokyo on a business trip basis. In a departure from this practice, the Company established nine sales offices in major cities nationwide. These offices have enabled the Company to increase the number of visits to the cellphone shops and provide them with more in-depth support. The number of cellphone shops in operation has continued to increase as a result.



● Introduction of a compensation system based on the turnover rate by cellphone shop

The Company began advancing the introduction of a compensation system based on the withdrawal rate by cellphone shop in the fiscal year ended September 30, 2015. This system enables the Company to explain content more carefully to people who visit cellphone shops, and reduce the turnover ratio.

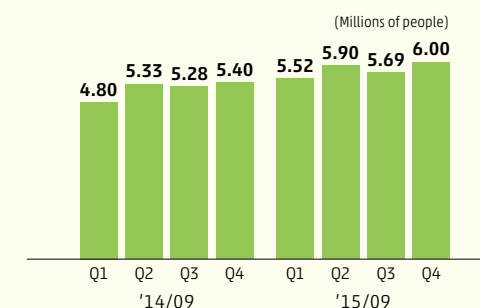


② What effects are produced with the strengthening of the RAF network?

The Company's initiatives for strengthening the RAF network have enabled the following three smartphone businesses to perform effectively. The consolidated results for the Company rose year on year as a result.

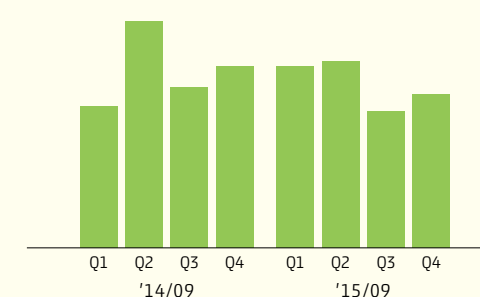
● The number of paying subscribers (to the Company's own content) on smartphones

The strengthened RAF network has enabled the Company to steadily increase the number of new paying subscribers on smartphones. The number of paying subscribers on smartphones grew to 6 million (as of September 30, 2015).



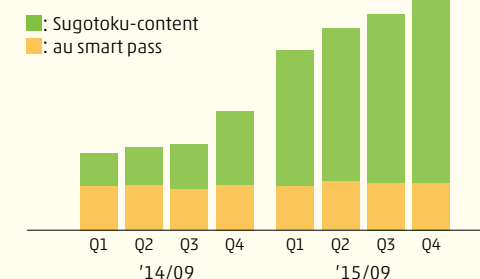
● Net sales for the RAF business (subscriptions to other companies' content)

The RAF business applying the mechanism of the RAF network to other companies' content (income from commissions) is making a significant contribution to consolidated operating income. The business has grown into a business with stable earnings.



● Net sales for the fixed monthly fee, unlimited use service for cellphone carriers

In particular, net sales for the Company's fixed monthly fee, unlimited use service for the Sugotoku content offered by NTT DOCOMO, INC. expanded sharply. The sales expansion made a significant contribution to consolidated operating income.



* Offered by NTT DOCOMO, INC., the Sugotoku content is a subscription service for using unlimited content in a wide variety of genres for a fixed fee of ¥380 per month (excluding tax).

* Offered by KDDI CORPORATION, the au Smart Pass is a subscription service for enjoying carefully selected content, coupons and entertainment programs for a fixed fee of ¥372 per month (excluding tax).

In the fiscal year ending September 30, 2016, the Company will further strengthen the RAF network by taking measures including the operation of cellphone shops left idle, and link the network reinforcement with the improvement of consolidated results through an increase in the number of new subscribers.

Enlargement of contents service

The Company is adding high value to its services in a bid to improve average revenue per user (ARPU).

Furthermore, the Company will increase the high billing rate among paying subscribers on smartphones, making the most of its sales channel called the RAF network as explained on page 12.

Why is MTI working to improve ARPU?

Sales in the content distribution business are calculated by using the following formula. In order to boost sales, we need to increase either the total number of paying subscribers or ARPU.

$$\text{Net sales} = \text{Total number of paying subscribers} \times \text{ARPU} \times 12 \text{ months}$$

Because the total number of paying subscribers stays around 8 million, a ¥10 increase in the average annual ARPU will lead to about a ¥1.0 billion increase in sales, as shown below.

$$8 \text{ millions of people} \times ¥10 \times 12 \text{ months} = ¥0.96 \text{ billion}$$

The Company will further improve ARPU by offering services with high added value in the following three specific categories.

Music, books and videos

The Company enabled subscribers to enjoy books, cartoons and videos, in addition to music services, on a single website called *music.jp*.

The Company began adding Hollywood movies to its video titles in 2015 to bolster its lineup. The Company will improve ARPU by bolstering the lineup on demand and enabling subscribers to enjoy a greater number of the latest titles.

m. music.jp



per month (excluding tax)
¥300
▼
¥400

Mad Max Fury Road
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HARRY POTTER characters, names and related indicia
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Weather information and Maps & Navigation

The Company enabled subscribers to access weather information, maps and navigational information on a single website at the same time from their homes and outside locations through the integration of its weather, map and navigation services in July 2015. The Company will improve ARPU by working to offer services that are able to provide applications that are more convenient for customers.

ライフレンジャー



per month (excluding tax)
¥300・¥380
▼
¥380

Healthcare-related

In view of growing questions about health asked on the *KARADamedica* website, the Company increased the number of questions subscribers could ask via email, adding in June 2015 an option of a maximum of ten per month in addition to the existing maximum of three per month. The number of paying subscribers to a maximum of ten questions per month has been increasing favorably. The Company will improve ARPU by working to expand services that eliminate concerns and doubts about health.

+KARADamedica
カラダメディカ



per month (excluding tax)
¥300
▼
¥400

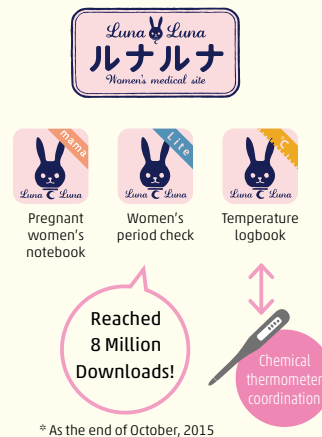
* The answers over the phones
made by healthcare providers,
not doctors.

Phase to achieve sales for the Healthcare-related

The Company is approaching the business of healthcare services on a medium- to long-term basis. Large in market size, these services, which are able to support the stages of customers' lives for a long time, are anticipated to achieve strong growth in the future.

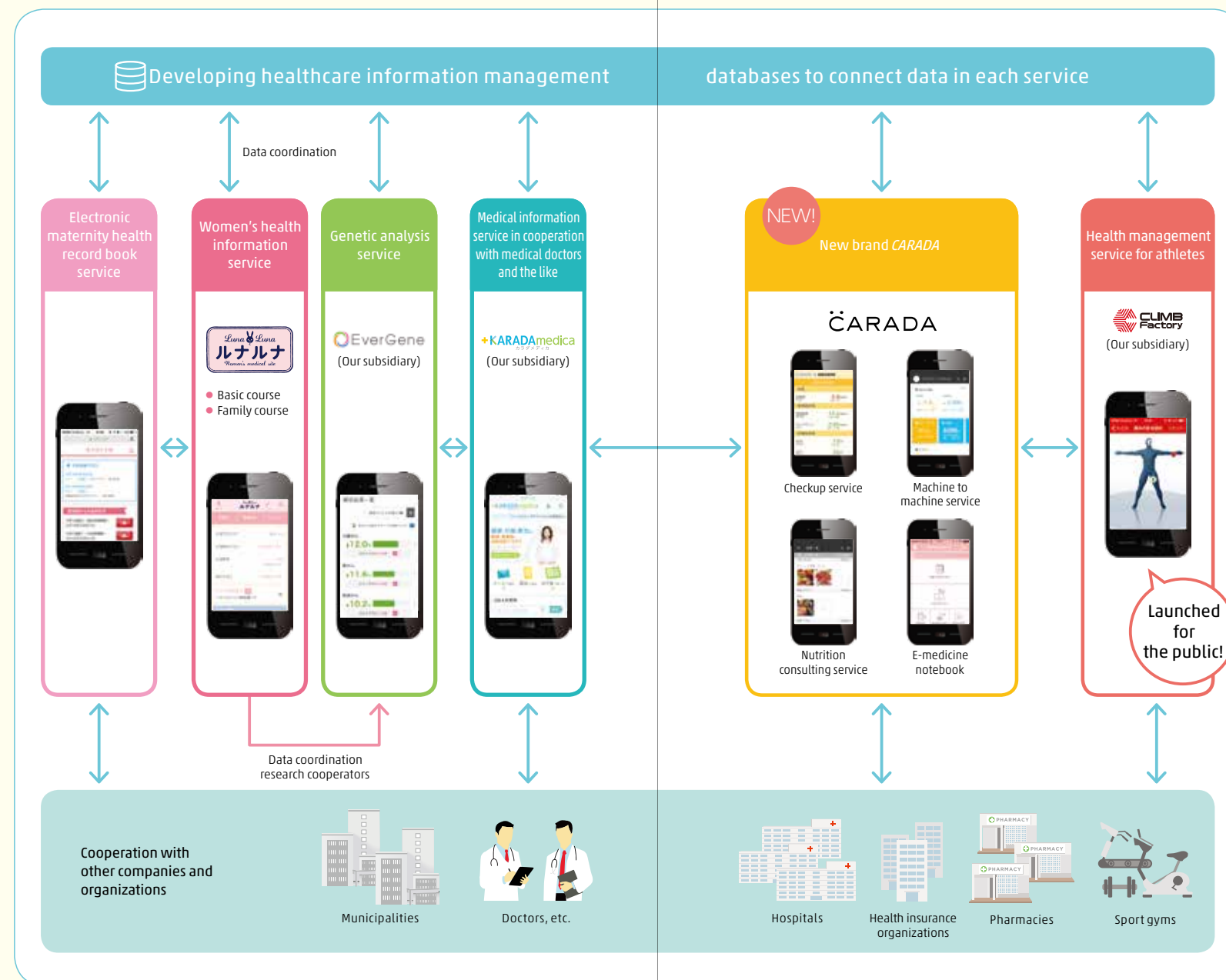
Women's health information service

Luna-Luna is a service that many women feel close to. Originally launched to predict menstrual periods and ovulation dates, *Luna-Luna* has evolved to cover support for activities for increasing the chance of pregnancy, pregnancy and childcare.



Genetic analysis service

In addition to offering standard genetic analysis, the Company is advancing studies on genes peculiar to women with the cooperation of *Luna-Luna* subscribers.

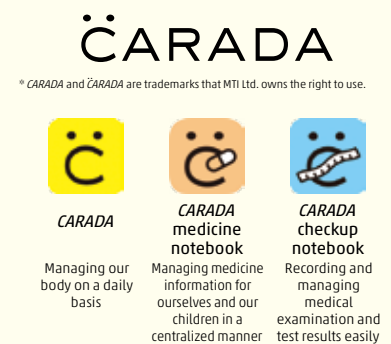


service

The Company will strive to support the health of its customers by linking each of its healthcare services so that it can offer services with high added value.

New brand CARADA

In November 2015, the Company launched *CARADA*, a new brand for the centralized management of all types of physical data on a smartphone.



Health management service for athletes

The Company offers a tool that enables athletic gym trainers to manage training programs for gym members more effectively.



Medical information service in cooperation with medical doctors and the like

KARADAmédica is a service that offers consultations on matters including health, pregnancy and childcare. The fast, courteous support provided by experts in a wide range of fields through this service enjoys a good reputation.



* The answers over the phones made by healthcare providers, not doctors.

We are committed to transparent management. With the aim of communicating information about the Company fairly and appropriately in a timely manner as part of our efforts to strengthen corporate governance, we have formulated the IR policy.

For details of the IR policy, please refer to MTI's IR site. http://www.mti.co.jp/eng/?page_id=21

Positioning of IR activities

Based on our recognition that shareholders and investors are our valued partners in business development, we position IR activities as means of cultivating relationships of trust with them. We also view IR activities as a key management issue.

Information disclosure procedures

All material information is channeled to the director responsible for information disclosure. This includes information on material decisions made by the Board of Directors or by the Management Committee and on financial closing as well as information on material incidents reported to the director responsible for information disclosure by the departments concerned. The director responsible for information disclosure and Investor Relations Department deliberate on whether it is desirable to disclose information on a certain matter and when they consider that disclosure is desirable, procedures are implemented without delay and the disclosure is made by means of posting on MTI's website and/ or press releases.

Enhancement of communication

MTI is striving to enhance communication with shareholders and investors in order to help them deepen their understanding of MTI's management and business activities.

The president & CEO, the director responsible for information disclosure, and Investor Relations Department are spearheading initiatives in this regard.

MTI holds a quarterly results briefing for analysts and institutional investors in Japan where MTI's president & CEO makes a presentation. We also periodically have meetings with individual analysts and institutional investors to provide overall explanation about the status of MTI's operations.

We also participate in meetings for individual investors in Japan organized by securities firms etc.

Requests and comments of shareholders and investors gathered through IR activities are shared within MTI and reflected in our IR materials and activities for continuous improvement.

External evaluation of IR activities

MTI's IR activities are highly regarded and we have won various IR awards.



Support activities for disaster victims

Life Ranger Weather supports the victims of natural disasters by donating a portion of its revenues through the Japanese Red Cross Society.

Recent donations are listed below.

(the most recent 10 donations)

Sept. 5, 2014	Relief for Hiroshima Prefecture affected by heavy rain in 2014
Nov. 29, 2013	Relief for Izu Oshima and other areas affected by Typhoon Wipha
Nov. 29, 2013	Relief for the Philippines affected by Typhoon Haiyan
Oct. 31, 2013	Relief for Saitama Prefecture affected
Oct. 31, 2013	Relief for Kyoto Prefecture affected by Typhoon Man-yi in September 2013
Sept. 30, 2013	Relief for the western part of Shimane Prefecture affected by heavy rain in summer 2013
Sept. 30, 2013	Relief for Akita Prefecture affected by heavy rain
Sept. 30, 2013	Relief for Yamaguchi Prefecture affected by heavy rain on July 28, 2013
Sept. 30, 2013	Relief for Iwate Prefecture affected by heavy rain in 2013
Sept. 20, 2013	Relief for flash floods in the northern India



The Company would like to express its heartfelt sympathy to the victims of the disaster and pray for the earliest possible reconstruction of their communities.

Through *Luna-Luna*, we are supporting the Pink Ribbon campaign to raise awareness about breast cancer.

Through *Luna-Luna*, we are helping the Pink Ribbon campaign raise awareness about breast cancer, as an official supporter of J.POSH, a nonprofit organization.

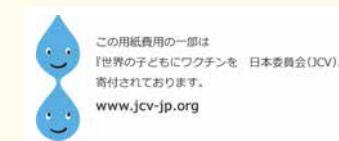
We hope that this campaign helps more women better understand breast cancer and recognize the importance of medical checkups. Our wish is that this improved knowledge and understanding will lead to the early detection and treatment of breast cancer.



Support for children of the world

Collecting caps of plastic bottles has become a company-wide campaign involving all employees. We collected and sold 116,960 caps in 2015 to a recycling company through the NPO Ecocap Movement. The proceeds were donated to the certified NPO, the Japan Committee for Vaccines for the World's Children (JCV), which provided vaccinations for 136 children.

MTI actively uses Vaccine Paper for company envelopes. By using the paper, the Company supports to campaigns that provide vaccinations to children around the world. Vaccine Paper is a paper that includes a donation to the JCV.



* Vaccine Paper :
Original printing paper jointly created by Taihei Printing Co., Ltd., and Japan Pulp and Paper Co., Ltd. By using the type of paper, donation of ¥2 per kilo gram will be made.

Business and Other Risks

We are providing the main items viewed as potential risk factors for our business development. Items that are not necessarily risk factors for our business development but that are important and useful for making investment judgments and items important for understanding our business activities are actively disclosed to investors.

We are aware of the possibility of these risks occurring, and we will work to prevent them and will respond promptly if they should occur. However, decisions on investment in shares in the Company need to be made in careful consideration of these items and items contained in this report. Furthermore, please keep in mind that the items mentioned below do not cover all possible risks associated with investing in our shares.

1. Over-reliance on certain individuals

President and Chief Executive Officer Toshihiro Maeta plays a central role in creating new business models and plays an important role in promoting operations. To create a management structure that does not depend excessively on President Maeta, we are working to cultivate human resources. However if Mr. Maeta is ever unable to perform his duties for some reason, our results may be impacted significantly.

2. Unexpected changes in the business environment

In our core mobile content business, actual net sales, cost of sales, selling, general and administrative expenses, and other results may differ significantly from our current forecasts for the reasons below. In this case, we could be forced to change our management policy and strategy, which could have a significant impact on our results.

1) Changes in the market environment result in factors of uncertainty that could not be foreseen when making business plans. Such changes could include the increase in paid subscribers for smartphone services falling well below our targets, or the decrease in paid subscribers for feature phone services being much bigger than expected, or the utilization of paid contents declining due to the emergence of free contents, and user preferences changing rapidly.

2) We are unable to differentiate ourselves from competing companies in terms of content material, quality or price, and therefore are unable to acquire the target number of paid subscribers. Either that, or the competition for new subscribers with competing firms becomes sharper and price competition intensifies, which causes subscribers to our services to replace them with services of competitors or makes it harder to maintain cost competitiveness and secure the target number of paid subscribers.

3) Technical innovations proceed at a rapid pace and there are changes to the development/provision of services that meet the needs of smartphone users. The form of income and services/technologies become obsolete due to delays in responding to the advancing technologies. Content production costs increase more than expected, an efficient development system for content development cannot be maintained and earnings cannot be secured.

4) Cannot obtain the target number of paid subscribers due to a sudden saturation/reduction of the mobile contents market, or because advertising could not produce the desired impact on sales due to a drastic change in the way paid subscribers are gained, among other factors, or obtaining profit becomes difficult due to a bigger-than-expected increase in cost for acquiring contents.

5) As for the fee-based billing services provided by the Company or those the Company handles for other companies, the percentage of subscribers obtained through cellphone shops across Japan, its mainstay sales channel for mobile devices, is extremely high. As a result, it may become difficult to secure additional new subscribers if the roles of the sales channel change dramatically for various reasons, such as the introduction of legal restrictions and administrative guidance, the imposition of restrictions by cellphone carriers, and changes in the business environment.

6) In the fee-based billing services provided by the Company or those the Company handles for other companies, the number of new subscribers tends to change when cellphone carriers launch new models of mobile devices (sales seasons are usually in March, July, August and December). As a result, it may become difficult to secure additional new subscribers if the effects of new model launches during sales seasons for mobile devices are less than expected or if no effects of new model launches are expected.

7) We engage in the healthcare-related information service business, the market for which is expected to expand in the future and which is believed to have high growth potential over the medium to long terms. However, it is difficult to forecast the impact of the business and an unexpected change may result in our failure to achieve the initial business plan or create the expected effect, with the result that earnings may not justify the prior investment.

8) Laws and regulation that could be relevant to our industry include the Act against Unjustifiable Premiums and Misleading Representations, Unfair Competition Prevention Act, Consumer Contract Act, Act on the Pro-

The ratio of total sales results for each mobile carrier in the last two fiscal years

Client	Fiscal year ended September 30, 2014		Fiscal year ended September 30, 2015	
	Amount (Thousands of yen)	Ratio (%)	Amount (Thousands of yen)	Ratio (%)
NTT DOCOMO, INC.	16,346,906	52.8	18,302,589	54.7
KDDI CORPORATION	8,515,951	27.5	8,111,366	24.2
SoftBank Corp.	2,086,536	6.7	2,493,734	7.5

(Note) Consumption tax is not included in the above amounts.

tection of Personal Information, Act on Specified Commercial Transactions, Medical Care Act, Pharmaceutical Affairs Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, Antimonopoly Act, and Act on Regulation on Soliciting Children by Using Opposite Sex Introducing Service on Internet.

3. Dependence on specific businesses

As above in the last two consolidated fiscal years, the Company depended heavily on cellphone carriers in terms of sales: The ratio of sales to cellphone carriers accounted for a high percentage of total sales. If cellphone carriers change their policies on Internet connection services, the Company's results and future business development could be seriously impacted.

4. Content provided by content holders

Copyright licenses for much digital content, including music, books, video and others, are held exclusively by content holders. If copyright license agreements with content holders are amended or terminated and we are no longer able to provide popular content, we will not be able to obtain the content from other sources and our results could be seriously impacted.

5. Hiring, retaining, and cultivating human resources

As described in 3. Management policy, (4) Issue to address of Summary of Consolidated Financial Results Results for the Fiscal Year ended September 30, 2015, the Company continues to enhance its marketing capacity, quality control capacity, development capacity, design capacity, and sales capacity to expand operations and achieve sustainable growth. If we cannot hire, retain, and cultivate human resources with high skills for enhancing those capacities, our results could be seriously impacted.

6. Suspension of operation of information networks

We perform business operations through communication lines and information systems. If the communication lines and information systems do not run for a long time, we must suspend business operations. These kinds of situations may affect the results of the Company. The causes of these circumstances include natural

disasters and accidents, which may cause communication lines to become disconnected; a sharp increase in the number of accesses that exceeds what is expected, which may cause systems to fail; and a virus or invasion of the computer from the outside.

7. Personal information leaks

We thoroughly protect personal information by building a tight control system to ensure information security, developing rules and regulations on the handling of information, and providing education and training for our employees and business partners. However, if a problem arises due to a personal information leak, our results could be seriously impacted.

8. Intellectual property right infringement

We are always careful not to infringe on a third party's intellectual property rights. However, we may infringe on a third party's intellectual property rights without realizing it. If we have to pay damages or suffer other losses as a result of a third party's claim for damages or filing an injunction or other lawsuits, our results could be seriously impacted.

9. Uncollected charges

We commission predominantly cellphone carriers to collect monthly charges from paid subscribers. Therefore, any change concerning these carriers may affect the Company's results. These changes include changes in the business strategies of these carriers which make it impossible to continue the agreement; changes in the fees for the collection of charges; and an increase in uncollected charges in any circumstances.

10. Ensuring the security and health of websites

We provide certain services that allow the general public to communicate with each other using the services' messaging functions. If any major trouble occurs due to a violation of the terms of use, among other reasons, the Company could be held responsible or the credibility and image of the Company's services could decline, which could impact the Company's results.

Board of Directors & Corporate Auditors

(As of January 1, 2016)



President and Chief Executive Officer
Toshihiro Maeta



Executive Vice President
Hiroshi Izumi



Senior Managing Director
Yoshihiro Shimizu



Managing Director
Katsunori Osawa



Director
Hiroshi Matsumoto

Independent Directors



Director (Outside)
Masaya Onagi



Director (Outside)
Zhou Muzhi



Director (Outside)
Hikaru Yamamoto



Statutory Auditor
(Standing Auditor) (Outside)
Tsutomu Minoura



Statutory Auditor (Outside)
Yoshinobu Nakamura



Statutory Auditor (Outside)
Kazuhiko Sakishima



Statutory Auditor (Outside)
Kazuko Ohya

Corporate Governance

Basic approach

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 a changing business environment. One of the measures introduced with the aim of achieving these goals was the adoption of a oneyear term of office for directors. This has added a sense of urgency to the management environment, since directors

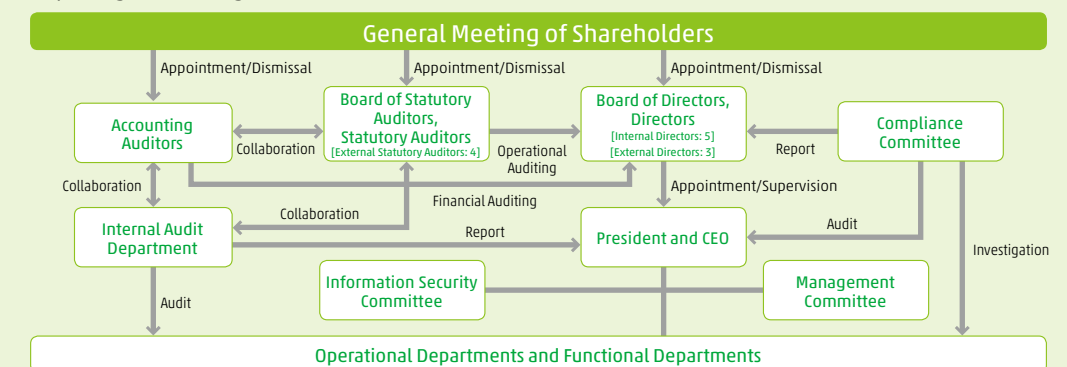
are required to earn the confidence of shareholders every year. We are also working to strengthen and consolidate our compliance systems.

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.

For details of the Corporate governance, please refer to MTI's IR site.
http://www.mti.co.jp/eng/?page_id=246

Corporate governance structure

Corporate governance organization chart



The tasks of the Board of Directors, which consists of five internal directors and three external directors, 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. Outside directors, who have an independent position without any interest in the Company, have the duty of strengthening the supervisory function of the Board of Directors and raising the degree of neutrality and objectivity in management. There are four corporate auditors, including one standing auditor. All four are currently external 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 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.

Amounts of remuneration for directors and statutory auditors

(Thousands of yen)

Position	Number of persons	Basic compensation	Stock options	Bonuses	Amount*
Directors	Directors (9 persons)	153,979	20,966	41,888	216,834
	(of whom external director; 1)	4,200	—	—	4,200
Statutory auditors	Statutory auditors (4 persons)	36,180	—	—	36,180
	(of whom external statutory auditors; 4)	36,180	—	—	36,180
Total		190,159	20,966	41,888	253,014

*Sum of basic compensation, stock options, and bonuses

Amount of remuneration for the accounting auditor

(Thousands of yen)

	Amount
Amount of fees relating to current business year	40,500
Monetary or property benefits to be paid by the Company and its subsidiaries to the accounting auditor	43,500

Internal Control System

The resolution approved by MTI's Board of Directors on May 21, 2015, concerning the establishment of a system for ensuring the appropriate performance of the Company's business operations (Internal Control System) is outlined below.

For details of Basic Policies for Internal Control Systems, please refer to MTI's IR site.
http://www.mti.co.jp/eng/?page_id=2223

Basic policies for the execution of duties

The Company and its subsidiaries (hereinafter "the Group") promote corporate governance by setting "compliance with laws, regulations and social ethical norms" (hereinafter "compliance with laws, etc."), "sincere responses and appropriate information disclosure to stakeholders," "transparent and sound management" and "contribution to society through the creation of corporate value in business activities" as the basic policies for the execution of duties.

Under the basic policies, the Company will improve systems to ensure the properness of operations of the Group as stipulated in the Company Act and the Ordinance for Enforcement of the Companies Act.

System to ensure the conformity of the execution of duties by the directors and employees of the Group with laws and regulations

Setting compliance with laws, etc. as the basic policy, the Company enacts regulations on compliance and establishes the Compliance Committee to promote Group efforts for compliance.

In addition, the Internal Audit Department, under the control of the President and Chief Executive Officer, makes assessments on the efficacy of internal control over the assurance of credibility of operating audit activities and financial reporting, centering on the effectiveness and efficiency of operations. The Internal Audit Department reports the situation of these activities to the President and Chief Executive Officer, as well as the Board of Directors, the Board of Statutory Auditors and audited divisions.

Efforts for compliance are promoted mainly by the Compliance Committee in cooperation with the divisions of the Group.

The Company has established a compliance helpline for employees to directly provide information about legally questionable acts, etc. The Company

has adopted a system to report legally questionable acts, etc., if an officer or an employee of the Group discovers such acts, to the Compliance Committee and the Board of Statutory Auditors via their reporting line or the compliance helpline. The Compliance Committee or the Board of Directors has also drawn up preventive measures in cooperation with the divisions of the Group according to the degree of importance of the content reported and has made the content fully known to the officers and employees of the Group.

Regulations and other systems of the Group for managing loss risk

Risk pertaining to the execution of duties is analyzed and countermeasures are considered by each division of the Company and by its subsidiaries within the scope of their authority. Important risks and risks beyond the authority of each division and subsidiaries are deliberated by the Management Committee or the Board of Directors of the Company to make decisions and are subsequently monitored on a continuous basis.

The management of and response to risks pertaining to the execution of duties and the credibility of financial reporting are audited by the Internal Audit Department, and the Internal Audit Department reports the audit results to the President and Chief Executive Officer, as well as the Board of Directors and the Board of Statutory Auditors. With respect to the management of and response to other company-wide risks, the Compliance Committee considers and promotes measures to address them and reports the situation of these activities to the Board of Directors.

To assess individual risks and implement Group-wide management in response to them, the Company improves and strengthens a system to manage Group-wide risks exhaustively and comprehensively by enacting regulations on the risk management system.

To ensure and maintain information security, the Company has enacted regulations on the use and protection of information assets and has established the Information Security Committee to improve and strengthen the system that uses and protects information assets in order to contribute to the management activities of the Group.

Financial Highlights (Consolidated)

	(Millions of yen)				
	2011/09	2012/09	2013/09	2014/09	2015/09
Operating results					
Net sales	32,342	29,382	30,160	30,985	33,461
Cost of sales	7,571	5,665	5,336	4,988	5,439
Gross profit	24,770	23,716	24,824	25,996	28,022
Selling, general and administrative expenses	21,067	22,012	23,675	23,439	23,776
Operating income	3,702	1,704	1,149	2,557	4,245
Ordinary income	3,692	1,697	1,119	2,519	4,144
Net income	1,797	109	516	1,337	2,607
Financial position					
Total assets	15,881	13,971	15,646	16,768	24,738
Net assets	9,670	8,922	8,869	9,722	16,591
Cash flows					
Cash flows from operating activities	2,986	2,682	3,483	3,600	4,587
Cash flows from investing activities	(2,419)	(2,062)	(2,389)	(1,867)	(1,707)
Cash flows from financing activities	(619)	(1,167)	(414)	(375)	3,921
Per share information *1					
Net income per share (yen)	33.62	2.11	10.25	26.63	48.52
Net assets per share (yen)	177.44	167.17	167.32	184.49	281.48
Cash dividend per share (yen)	10.0	10.0	6.25	8.5	14.0
Financial performance indicators					
Gross profit ratio (%)	76.6	80.7	82.3	83.9	83.7
Operating income ratio (%)	11.4	5.8	3.8	8.3	12.7
Ordinary income ratio (%)	11.4	5.8	3.7	8.1	12.4
Net income ratio (%)	5.6	0.4	1.7	4.3	7.8
Return on equity (ROE) (%) *2	20.4	1.2	6.1	15.1	20.6
Return on assets (ROA) (%) *3	23.8	11.4	7.6	15.5	20.0
Shareholders' equity ratio (%)	59.7	61.9	53.7	55.4	64.8
Equity ratio based on market value (%) *4	84.1	69.5	73.0	161.0	188.6
Ratio of cash flows to interest-bearing liabilities (%)	12.1	6.0	16.6	13.9	13.0
Dividend payout ratio (%) *5	29.7	474.5	61.0	31.9	28.9
Total payout ratio (%) *6	29.7	835.7	118.4	32.0	30.5
Interest coverage ratio (times) *7	219.0	273.6	570.6	616.6	1,414.4
Business data					
Number of paying subscribers for smartphones (millions of people)	73	313	476	540	600
Total number of paying subscribers (millions of people)	894	813	804	786	794
Other information					
Number of employees at year-end (people)	699	815	785	783	795

*1 The Company conducted a 100-for-1 common stock split that became effective as of April 1, 2013.
The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2014.
The Company conducted a 2-for-1 common stock split that became effective as of April 1, 2015.
The figures of net income per share stated take the said stock splits into account.

*2 ROE = Net income / Average shareholders' equity x 100

*3 ROA = Ordinary income / Average total assets x 100

*4 Equity ratio based on market value = Market capitalization / Total assets

*5 Dividend payout ratio = Cash dividend per share / net income per share x 100

*6 Total payout ratio = (Total dividend payment + Total share buybacks) / Net income x 100

*7 Interest coverage ratio = Net cash provided by operating activities / Interest payments

Financial Overview (Consolidated)

Operating results

Net sales and gross profit

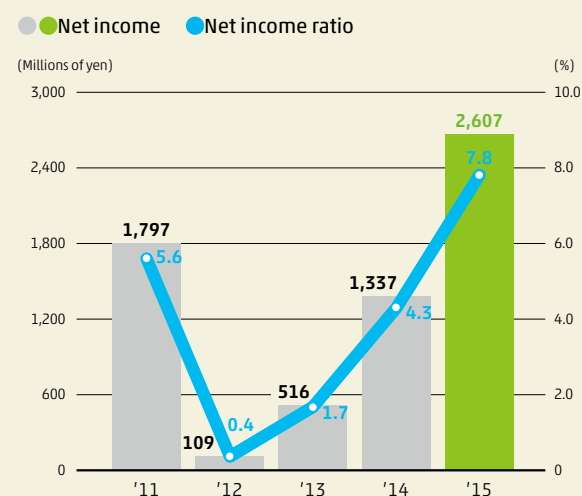
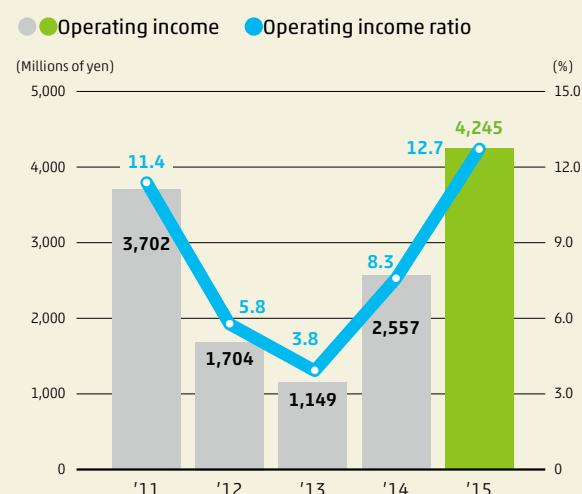
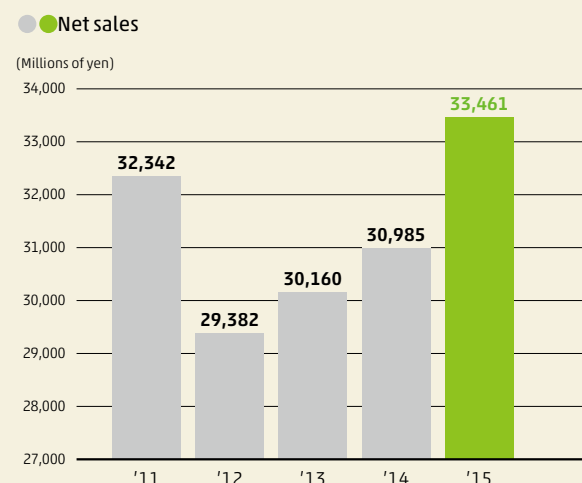
Net sales climbed to ¥33,461 million (up 8.0% year on year), mainly due to the improvement of average revenue per user (ARPU) in mainstay services, as well as an expansion in sales of the unmetered plan with flat-rate monthly charges for cellphone carriers. Gross profit also rose to ¥28,022 million (up 7.8% year on year).

Operating income and ordinary income

Operating income came to ¥4,245 million (up 66.0%) and ordinary income was ¥4,144 million (increasing 64.5%), reflecting the effective and appropriate control of selling, general and administrative expenses, in addition to the increase in gross profit.

Net income

Net income also rose to ¥2,607 million (climbing 94.9%), reflecting the increase in ordinary income and the posting of extraordinary income associated with gains from the sale of investment securities, thereby offsetting the posting of extraordinary loss pertaining to the amortization of goodwill and the increase in income taxes.



Financial position

At the end of the fiscal year under review, total assets rose ¥7,969 million from the end of September 2014, to ¥24,738 million.

Assets

Current assets rose ¥8,028 million, reflecting the increase in cash and deposits, accounts receivable-other, and notes and accounts receivable-trade, while non-current assets fell ¥58 million yen, chiefly due to the decrease in deferred tax assets, although there was an increase in software.

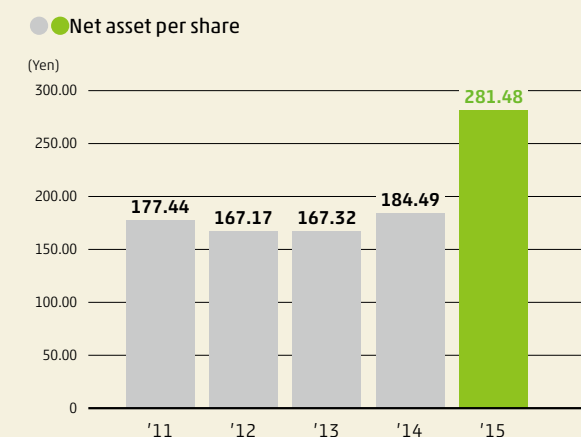
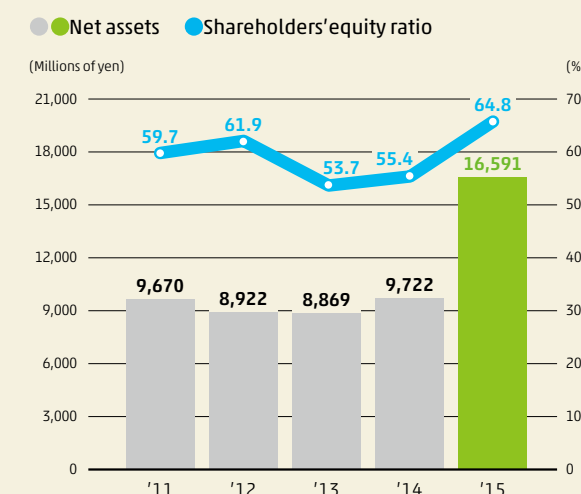
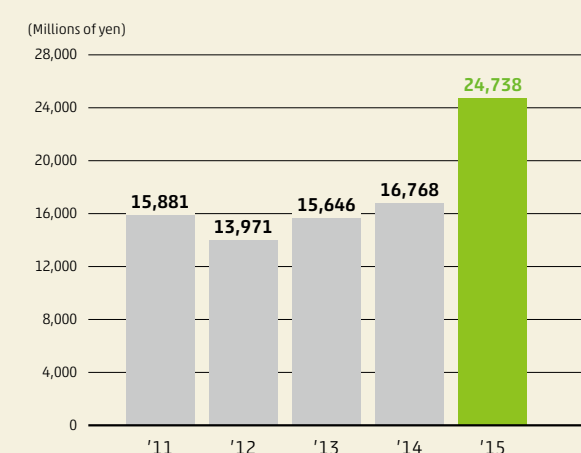
Liabilities

Current liabilities increased ¥1,466 million, largely due to increases in income taxes payable and the current portion of long-term loans payable, while non-current liabilities declined ¥364 million, mainly reflecting the decrease in long-term loans payable.

Net assets

Net assets climbed ¥6,868 million due to the implementation of a public offering for capital increase and the posting of ¥2,607 million in net income, even though cash dividends were paid.

Total assets



Financial Overview (Consolidated)

Cash flows

At the end of the fiscal year under review, cash and cash equivalents were ¥11,608 million, representing an increase of ¥6,825 million from the end of September 2014. Cash flows by activities and principal factors in the fiscal year under review were as follows.

Cash flows from operating activities

Net cash provided by operating activities was ¥4,587 million (inflow of ¥3,600 million for the previous fiscal year). This is mainly a reflection of income before income taxes and minority interests and depreciation, thereby offsetting the increase in notes and accounts receivable-trade and income taxes paid.

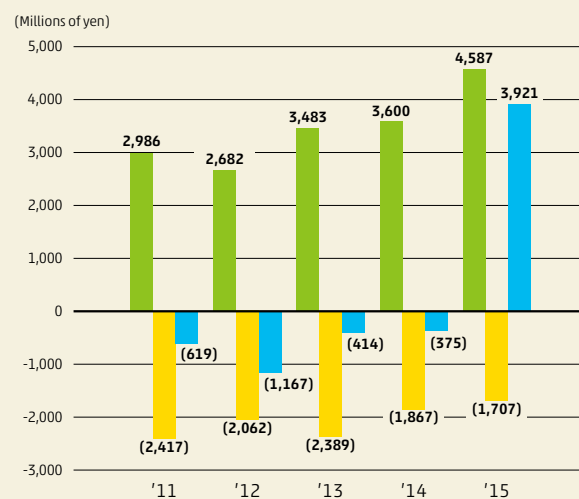
Cash flows from investing activities

Net cash used in investing activities stood at ¥1,707 million (outflow of ¥1,867 million for the previous fiscal year). Principal factors included the purchase of intangible assets (mainly software).

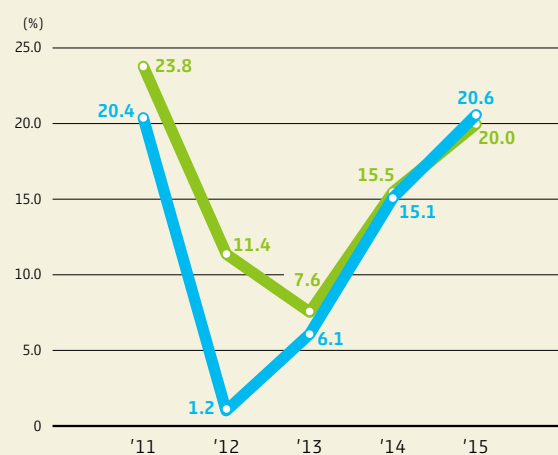
Cash flows from financing activities

Net cash provided by financing activities came to ¥3,921 million (outflow of ¥375 million for the previous fiscal year). Principal factors included proceeds from issuance of common stock, which offset the payment of cash dividends.

- Cash flows from operating activities
- Cash flows from investing activities
- Cash flows from financing activities



- Return on equity (ROE)
- Return on assets (ROA)



Consolidated Balance Sheet

(Thousands of yen)		
	FY2014 As of September 30, 2014	FY2015 As of September 30, 2015
Assets		
Current assets		
Cash and deposits	4,782,677	11,608,562
Notes and accounts receivable-trade	6,294,778	6,885,765
Advance payments-trade	139,778	101,422
Prepaid expenses	470,832	349,083
Accounts receivable-other	65,902	841,190
Income taxes receivable	38,554	—
Deferred tax assets	378,136	358,149
Other	121,194	138,341
Allowance for doubtful accounts	(108,691)	(71,095)
Total current assets	12,183,163	20,211,420
Non-current assets		
Property, plant and equipment		
Facilities attached to buildings	321,505	331,197
Accumulated depreciation	(221,131)	(239,325)
Facilities attached to buildings, net	100,373	91,871
Tools, furniture and fixtures	267,290	303,237
Accumulated depreciation	(224,631)	(248,620)
Tools, furniture and fixtures, net	42,658	54,617
Total property, plant and equipment	143,032	146,488
Intangible assets		
Software	2,150,300	2,254,746
Goodwill	2,355	336
Other	25,034	22,168
Total intangible assets	2,177,690	2,277,251
Investments and other assets		
Investment securities	813,082	796,241
Lease and guarantee deposits	489,586	501,636
Deferred tax assets	883,432	792,649
Other	99,694	30,145
Allowance for doubtful accounts	(21,317)	(17,589)
Total investments and other assets	2,264,478	2,103,083
Total non-current assets	4,585,200	4,526,824
Total assets	16,768,363	24,738,244

(Thousands of yen)		
	FY2014 As of September 30, 2014	FY2015 As of September 30, 2015
Liabilities		
Current liabilities		
Accounts payable-trade	976,524	1,179,484
Current portion of Long-term loans payable	—	518,679
Accounts payable-other	2,317,692	2,571,997
Accrued expenses	442,983	448,157
Income taxes payable	674,912	1,354,619
Accrued consumption taxes	321,253	368,952
Deferred tax liabilities	2,391	—
Allowance for coin usage	277,447	234,836
Provision for directors' bonuses	29,894	29,673
Other	684,324	487,313
Total current liabilities	5,727,424	7,193,715
Non-current liabilities		
Long-term loans payable	500,000	79,925
Net defined benefit liability	768,368	832,740
Negative goodwill	49,659	40,541
Other	141	141
Total non-current liabilities	1,318,168	953,349
Total liabilities	7,045,593	8,147,064
Net assets		
Shareholders' equity		
Capital stock	2,596,342	4,947,984
Capital surplus	3,111,863	5,469,051
Retained earnings	4,305,998	6,300,484
Treasury shares	(695,491)	(695,491)
Total shareholders' equity	9,318,712	16,022,029
Total other comprehensive income		
Valuation difference on available-for-sale securities	74,198	83,691
Foreign currency translation adjustment	(31,735)	(7,837)
Remeasurements of defined benefit plans	(69,979)	(62,969)
Total other comprehensive income	(27,516)	12,884
Subscription rights to shares	206,905	127,100
Minority interests	224,667	429,165
Total net assets	9,722,770	16,591,180
Total liabilities and net assets	16,768,363	24,738,244

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

Consolidated statement of income

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Net sales	30,985,078	33,461,440
Cost of sales	4,988,462	5,439,149
Gross profit	25,996,616	28,022,291
Selling, general and administrative expenses	23,439,513	23,776,605
Operating income	2,557,102	4,245,685
Non-operating income		
Interest income	261	257
Dividends income	4,559	6,060
Amortization of negative goodwill	10,533	9,117
Compensation income	7,416	12,118
Subsidy income	378	8,983
Other	8,868	19,718
Total non-operating income	32,017	56,255
Non-operating expenses		
Interest expenses	8,784	4,689
Share of loss of entities accounted for using equity method	53,104	95,780
Share issuance cost	—	24,815
Foreign exchange losses	2,783	8,477
Other	5,016	23,912
Total non-operating expenses	69,688	157,674
Ordinary income	2,519,431	4,144,266
Extraordinary income		
Gain on step acquisitions	—	33,509
Gain on sales of non-current assets	—	15,011
Gain on sales of investment securities	—	734,287
Gain on sales of shares of subsidiaries and associates	38,550	7,106
Gain on reversal of subscription rights to shares	48,047	17,705
Total extraordinary income	86,598	807,621
Extraordinary losses		
Loss on sales of non-current assets	—	5,183
Impairment loss	73,784	142,579
Loss on retirement of non-current assets	109,558	74,287
Loss on sales of investment securities	1,087	—
Loss on valuation of investment securities	137,756	39,999
Amortization of goodwill	52,391	227,551
Settlement package	—	15,147
Other	1,566	—
Total extraordinary losses	376,144	504,750
Income before income taxes	2,229,885	4,447,136
Income taxes-current	878,625	1,673,359
Income taxes-deferred	29,505	78,974
Total income taxes	908,131	1,752,334
Income before minority interests	1,321,753	2,694,801
Minority interests in net income (loss)	(16,085)	87,370
Net income	1,337,838	2,607,431

Consolidated statement of comprehensive income

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Income before minority interests	1,321,753	2,694,801
Other comprehensive income		
Valuation difference on available-for-sale securities	33,764	9,450
Foreign currency translation adjustment	(62,455)	15,067
Remeasurements of defined benefit plans	—	7,010
Share of other comprehensive income of associate accounted for using equity method	739	1,957
Total other comprehensive income	(27,951)	33,484
Comprehensive income	1,293,801	2,728,286
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,317,717	2,647,831
Comprehensive income attributable to minority shareholders	(23,915)	80,454

Consolidated Statement of Changes in Equity

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Shareholders' equity		
Capital stock		
Balance at beginning of current period	2,562,740	2,596,342
Restated balance	2,562,740	2,596,342
Issuance of new shares exercise (Exercising share point)	33,602	2,351,641
Total changes of items during period	33,602	2,351,641
Balance at end of current period	2,596,342	4,947,984
Capital surplus		
Balance at beginning of current period	3,078,260	3,111,863
Restated balance	3,078,260	3,111,863
Issuance of new shares exercise (Exercising share point)	33,602	2,351,641
Other	—	5,547
Total changes of items during period	33,602	2,357,188
Balance at end of current period	3,111,863	5,469,051
Retained earnings		
Balance at beginning of current period	3,393,859	4,305,998
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	3,393,859	4,345,721
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Changes in scope of consolidation	13,709	(11,406)
Total changes of items during period	912,138	1,954,763
Balance at end of current period	4,305,998	6,300,484
Treasury shares		
Balance at beginning of current period	(695,269)	(695,491)
Restated balance	(695,269)	(695,491)
Purchase of treasury stock	(222)	—
Total changes of items during period	(222)	—
Balance at end of current period	(695,491)	(695,491)
Total shareholders' equity		
Balance at beginning of current period	8,339,591	9,318,712
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	8,339,591	9,358,436
Issuance of new shares exercise (Exercising share point)	67,205	4,703,282
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Purchase of treasury stock	(222)	—
Changes in scope of consolidation	13,709	(11,406)
Other	—	5,547
Total changes of items during period	979,121	6,663,593
Balance at end of current period	9,318,712	16,022,029

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at beginning of current period	40,434	74,198
Restated balance	40,434	74,198
Net changes of items other than shareholders' equity	33,764	9,492
Total changes of items during period	33,764	9,492
Balance at end of current period	74,198	83,691
Foreign currency translation adjustment		
Balance at beginning of current period	22,150	(31,735)
Restated balance	22,150	(31,735)
Net changes of items other than shareholders' equity	(53,885)	23,897
Total changes of items during period	(53,885)	23,897
Balance at end of current period	(31,735)	(7,837)
Remeasurements of defined benefit plans		
Balance at beginning of current period	—	(69,979)
Restated balance	—	(69,979)
Net changes of items other than shareholders' equity	(69,979)	7,010
Total changes of items during period	(69,979)	7,010
Balance at end of current period	(69,979)	(62,969)
Total accumulated other comprehensive income		
Balance at beginning of current period	62,584	(27,516)
Restated balance	62,584	(27,516)
Net changes of items other than shareholders' equity	(90,100)	40,400
Total changes of items during period	(90,100)	40,400
Balance at end of current period	(27,516)	12,884
Subscription rights to shares		
Balance at beginning of current period	227,004	206,905
Restated balance	227,004	206,905
Net changes of items other than shareholders' equity	(20,098)	(79,805)
Total changes of items during period	(20,098)	(79,805)
Balance at end of current period	206,905	127,100
Minority interests		
Balance at beginning of current period	239,830	224,667
Restated balance	239,830	224,667
Net changes of items other than shareholders' equity	(15,162)	204,497
Total changes of items during period	(15,162)	204,497
Balance at end of current period	224,667	429,165
Total net assets		
Balance at beginning of current period	8,869,010	9,722,770
Cumulative effects of changes in accounting policies	—	39,723
Restated balance	8,869,010	9,762,493
Issuance of new shares-exercise (Exercising share point)	67,205	4,703,282
Dividends from surplus	(439,410)	(641,261)
Net income	1,337,838	2,607,431
Purchase of treasury stock	(222)	—
Changes in scope of consolidation	13,709	(11,406)
Other	—	5,547
Net changes of items other than shareholders' equity	(125,361)	165,093
Total changes of items during period	853,760	6,828,686
Balance at end of current period	9,722,770	16,591,180

Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2014 (From October 1, 2013 to September 30, 2014)	FY2015 (From October 1, 2014 to September 30, 2015)
Cash flows from operating activities		
Income before income taxes	2,229,885	4,447,136
Depreciation	1,740,416	1,348,744
Impairment loss	73,784	142,579
Amortization of goodwill	134,664	286,973
Amortization of negative goodwill	(10,533)	(9,117)
Increase (decrease) allowance for doubtful accounts	(51,173)	(42,221)
Increase (decrease) allowance for coin usage	(105,443)	(42,611)
Increase (decrease) in provision for retirement benefits	(509,636)	—
Increase (decrease) in net defined benefit liability	659,637	122,687
Interest and dividend income	(4,821)	(6,318)
Interest expenses	8,784	4,689
Loss (gain) on step acquisitions	—	(33,509)
Shares of (profit) loss of entities accounted for using equity method	53,104	95,780
Share issuance cost	—	24,815
Settlement package	—	15,147
Loss on retirement of non-current assets	109,558	74,287
Loss (gain) on sales of non-current assets	—	(9,827)
Loss (gain) on valuation of investment securities	137,756	39,999
Loss (gain) on sales of investment securities	1,087	(734,287)
Loss (gain) on sales of shares of subsidiaries and affiliates	(38,550)	(7,106)
Gain on reversal of subscription rights to shares	(48,047)	(17,705)
Decrease (increase) in notes and accounts receivable-trade	85,581	(604,616)
Decrease (increase) in advance payments	38,504	38,356
Decrease (increase) in prepaid expenses	(191,844)	122,376
Decrease (increase) in accounts receivable-other	70,049	(775,180)
Increase (decrease) in notes and accounts payable-trade	34,720	202,106
Increase (decrease) in accounts payable-other	(22,818)	206,900
Increase (decrease) in accrued expenses	83,644	5,887
Increase (decrease) in accrued consumption taxes	238,070	52,376
Other, net	(220,527)	609,039
Subtotal	4,495,851	5,557,383
Interest and dividend income received	4,821	6,318
Interest expenses paid	(5,839)	(3,243)
Income taxes (paid) refund	(894,253)	(973,267)
Net cash provided by (used in) operating activities	3,600,579	4,587,190
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,873)	(34,741)
Proceeds from sales property, plant and equipment	405	66
Purchase of intangible assets	(1,677,283)	(1,394,157)
Purchase of investment securities	(140,781)	(106,690)
Proceeds from sales of investment securities	15,675	—
Purchase of shares of subsidiaries and associates	—	(60,867)
Proceeds from sales of shares of subsidiaries and associates	1,950	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(68,933)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	26,899	987
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(48,265)	(21,998)
Proceeds from collection of lease and guarantee deposits	2,993	511
Other, net	(30,860)	(21,516)
Net cash provided by (used in) investing activities	(1,867,140)	(1,707,341)
Cash flows from financing activities		
Repayments of long-term loans payable	—	(7,762)
Proceeds from long-term loans payable	99,440	—
Redemption of bonds	(81,520)	—
Proceeds from issuance of common shares	45,993	4,581,722
Purchase of treasury shares	(222)	—
Cash dividends paid	(439,410)	(641,261)
Other, net	—	(11,000)
Net cash provided by (used in) financing activities	(375,717)	3,921,698
Effect of exchange rate change on cash and cash equivalents	8,736	24,337
Net increase (decrease) in cash and cash equivalents	1,366,457	6,825,885
Cash and cash equivalents at beginning of period	3,416,219	4,782,677
Cash and cash equivalents at end of period	4,782,677	11,608,562

Corporate Information and Stock Information (As of September 30, 2015)

Corporate Profile

Company Name	MTI Ltd.
Founded	August 12, 1996
Capital	4,947 million yen
Number of Employees	795 (Consolidated basis)
Main Business	Content distribution for mobile phones
Head Office	35th Floor, Tokyo Opera City Tower 3-20-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1435, Japan
URL	http://www.mti.co.jp/eng/
MTI Group Companies	<div> <div>EverGene Ltd.</div> <div>KARADAMEDICA, Inc.</div> <div>Sonicnaut Ltd.</div> <div>FL Corporation</div> <div>Mediano Ltd.</div> <div>Jibe Mobile K.K. *</div> <div>PHARUMO, Inc.</div> <div>Video Market Corporation</div> </div> <div> <div>LHR Service, Inc.</div> <div>ZERO-A Co., Ltd.</div> <div>TeraMobile, Inc.</div> <div>Mytrax Inc.</div> <div>MShift, Inc.</div> <div>CLIMB Factory Co., Ltd.</div> <div>SHANGHAI HYRON MTI CO., LTD.</div> </div>

* Jibe Mobile K.K. changed its name to Automagi Inc. as of March 1, 2016.

Stock Information

Securities code	9438
Securities exchange	First Section of the Tokyo Stock Exchange
Number of Shares Authorized	179,040,000 shares
Number of Shares Issued and Outstanding	60,226,800 shares
Number of Shareholders	5,800 shareholders

Major Shareholders

	Number of Shares held (shares)	Controlling Share (%)
Toshihiro Maeta	11,856,400	20.81
KMC, Inc.	10,096,000	17.72
HIKARI TSUSHIN, INC.	4,649,000	8.16
MTI Ltd.	3,260,928	—
Japan Trustee Services Bank, Ltd. (Trust account)	3,178,100	5.58
The Master Trust Bank of Japan, Ltd. (Trust account)	1,338,900	2.35
Japan Trustee Services Bank, Ltd. (Trust account 9)	1,015,700	1.78
Shobunsha Publications, Inc.	672,000	1.18
CMBL S.A. RE MUTUAL FUNDS (Standing proxy: Mizuho Bank Ltd., Settlement Sales Department)	662,400	1.16
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	622,400	1.09

* This report contains forward-looking statements on business performance based on the judgments, assumptions, and beliefs of management using the information available at the time. Actual results may differ substantially due to changes in domestic or overseas economic conditions or changes in internal or external business environments or aspects of uncertainty contained in the forecasts, latent risks or various other factors. In addition, risk and uncertainty factors include unpredictable elements that could arise from future events.

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* docomo and docomo logo are registered trademarks of NIPPON TELEGRAPH AND TELEPHONE CORPORATION.

* Sugotoku-Content is a registered trademark of NTT DOCOMO, INC.

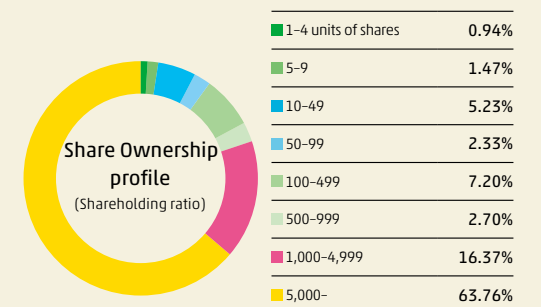
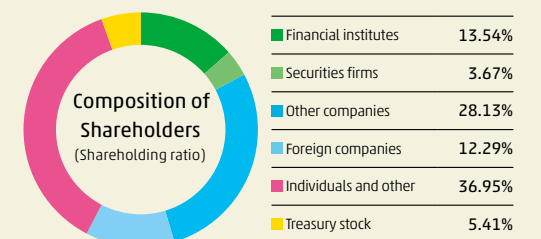
* au and au Smart Pass are trademarks or registered trademarks of KDDI CORPORATION.

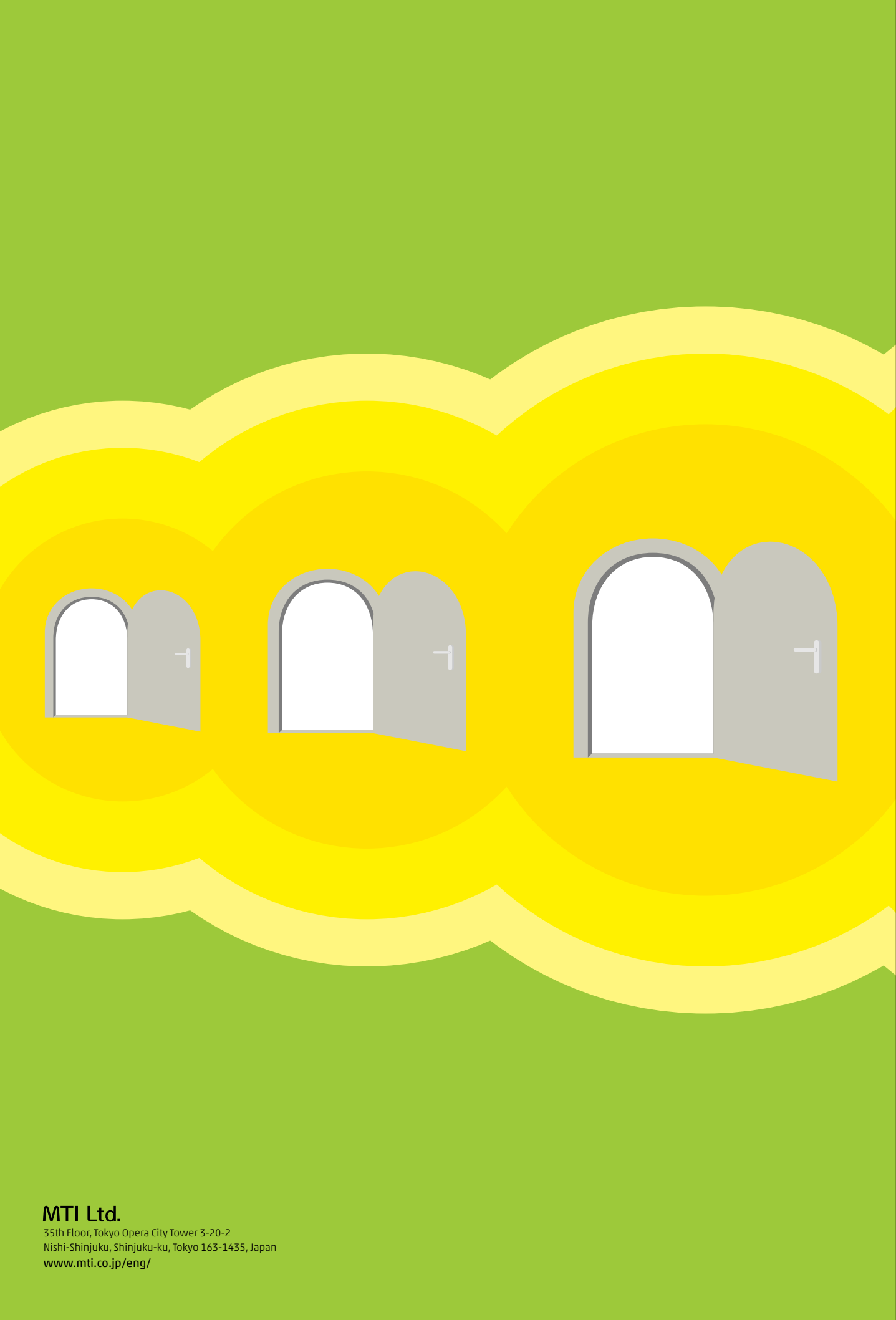
* The names of other companies and products described in this report are trademarks or registered trademarks of their respective companies.

Board of Directors & Corporate Auditors (As of January 1, 2016)

President and Chief Executive Officer	Toshihiro Maeta
Executive Vice President	Hiroshi Izumi
Senior Managing Director	Yoshihiro Shimizu
Managing Director	Katsunori Osawa
Director	Hiroshi Matsumoto
Director	Masaya Onagi
Director	Muzhi Zhou
Director	Hikaru Yamamoto
Statutory Auditor (Standing Auditor)	Tsutomu Minoura
Statutory Auditor	Yoshinobu Nakamura
Statutory Auditor	Kazuhiko Sakishima
Statutory Auditor	Kazuko Ohya

Breakdown of Shareholding by Investor Type





MTI Ltd.

35th Floor, Tokyo Opera City Tower 3-20-2
Nishi-Shinjuku, Shinjuku-ku, Tokyo 163-1435, Japan
www.mti.co.jp/eng/