



April 1 to September 30, 2010

**MUTOH HOLDINGS CO., LTD.** 

TSE securities code: 7999

### Message



President
Nobumasa Hayakawa

We would like to express our sincerest gratitude to all of the shareholders who have continued to support us.

We hereby present our 62nd (Fiscal Year 2010) 1st Half Financial Report.

In the first half of the current consolidated fiscal year, the Group was able to post profits that exceeded initial projections. This was

## **Basic Policy**

With constant innovation and challenging ourselves, we contribute to society

accomplished by the introduction of new products, the reinforcement of sales channel expansion in foreign markets, and the deployment of active measures such as the implementation of business restructuring within the Group, as well as by the continued expansion of activities to reduce initial costs and measures to cut back on expenses.

We will continue to conduct business aggressively in our aim to reach projections for the full fiscal year.

We hope that we can rely on your continued understanding and support.

### Business Situation and Outcomes

Looking at the economic environment during the first half of the current consolidated fiscal year, although the emerging nations of Asia, in particular China, maintained solid growth, in the advanced nations such the U.S. and the European nations concerns about the effect of the unstable financial system and the worsening employment situation still remain. Recently in Japan, the impact of the foreign exchange environment has increased the uncertainty surrounding future corporate performance, and the economy has not fully recovered yet.

Against this background, for the MUTOH Group's core product, the large-format printer "ValueJet" series, the "ValueJet TD Series" was introduced at the beginning of the period in response to a variety of needs including sign displays, the flag and banner industry, and the apparel field. In addition, a spectrophotometer that can significantly reduce color management work, the "VJ-1608HS" equipped with "SPECTROVUE VM-10", was announced in September as we strengthened our product lineup. We made efforts to optimize the efficiency of business within the Group and worked towards improving our earning power by continuing to focus on expanding our sales network and strengthening our brand in foreign markets, while in the domestic market, we consolidated the Maintenance Business with MUTOH INDUSTRIES and the CAD Business with MUTOH ENGINEERING.

Looking at the consolidated business performance for the first half of the current fiscal year emerging from these circumstances, net sales stood at ¥11,417 million (up 8.6% year-on-year), operating income was ¥775 million (compared to a loss of ¥2 million year-on-year), ordinary income was ¥553 million (compared to a loss of ¥34 million year-on-year), and net income was ¥545 million (compared to a loss of ¥269 million year-on-year), for an increase in income and profit year-on-year.

The MUTOH Group as a whole is pursuing business strategies that will enable us to resume dividend payments and to make them consistently at the earliest possible juncture.

Until then, we ask for the understanding of our shareholders in this respect.

## **Consolidated Financial Highlights**



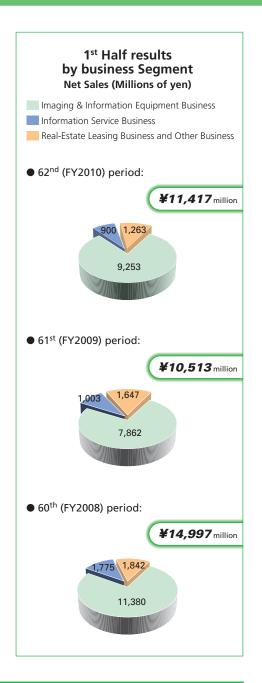


○ Consolidated ordinary income 62 <sup>nd</sup> (FY2010) 1 <sup>st</sup> Half period:  #553 million					
62 <sup>nd</sup> (FY20	010) 1st Half period:	<b>#</b> 5	<b>33</b> million		
	59 <sup>th</sup> (FY2007) period:	60th (FY2008) period:	61st (FY2009) period:		
	<b>3,210</b> million	<b>1,394</b> million	325 million		
1 <sup>st</sup> Half	<b>2,149</b> million	<b>1,621</b> million	(34) million		

○ Consolidated net incom	ne V.E	AE
62 <sup>nd</sup> (FY2010) 1 <sup>st</sup> Half period:	<b>#</b> 5	45 million
59 <sup>th</sup> (FY2007) period: <b>1,802</b> million	60 <sup>th</sup> (FY2008) period: <b>604</b> million	61 <sup>st</sup> (FY2009) period: <b>217</b> million
1 <sup>st</sup> Half 1,141 million	924 million	(269) million







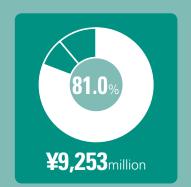
### Forecast of results for the full fiscal year

				(Millions of yen)
	Net sales	Operating income	Ordinary income	Net income
Forecast of consolidated business results	26,000	1,200	1,100	650

In terms of consolidated business results, thanks to the vigorous sales promotion activities and measures to reduce overhead costs, profit levels that exceeded projections were achieved during the first half of the current fiscal year. On August 10 2010, there was an upward revision of the original results forecasts, and afterwards another upward revision was conducted on November 4. However, while the global economy is slowly recovering, under the current conditions economic uncertainty is due to factors such as the high yen, and this situation continues for the markets the Group participates in. Because future economic trends must be observed within this environment, we maintain the figures announced on August 10 for the full-year forecast.

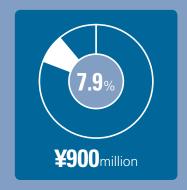
## **Overview of Business Segments**

Imaging & Information Equipment Business



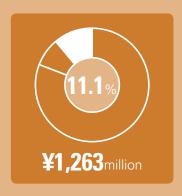
In the Imaging and Information Equipment Business, sales steadily grew in the Asia region against the background of a strong economic environment. In addition, while a full recovery has not been achieved yet, performance was solid in North America and Europe due to economic recovery, the introduction of new products, and the implementation of measures to increase sales. As a result, we posted net sales of ¥9,253 million and an operating income of ¥833 million.

Information Service Business



In the Information Service Business, while companies are beginning to have fewer inhibitions towards IT investments, their stance continues to be cautious. This sector recorded net sales of ¥900 million, and an operating profit of ¥19 million was posted thanks to improved business efficiency after a business transfer and the effect of ongoing cost improvements.

Real-Estate
Leasing
Business and
Other
Businesses



In the Real Estate Leasing Business, sales of ¥413 million and operating income of ¥228 million were recorded thanks to steady lease continuation, as in the previous fiscal year. Other Business sectors were affected by the slow recovery of the domestic market, and a difficult situation continued for exercise accessories aimed mainly at individuals and design/drafting equipment. Sales stood at ¥850 million, with an operating loss of ¥77 million.

### "VJ-1608HS" hybrid large-format printer launched

The VJ-1608HS is a hybrid large-format printer that uses new, eco-friendly (50% vegetable-derived) multi-purpose ink and comes equipped with a spectrophotometer developed in-house, the "SPECTROVUE VM-10".

In addition to marking film, tarpaulin, and other conventional print media for outdoor advertising, the printer supports a variety of media, from non-coated PET and synthetic paper to foam board and other board material, such as corrugated plastic and cardboard.



Hybrid large-format printer 'VJ-1608HS'



Sample printing application



Spectrophotomete 'SPECTROVUE VM-10'



Sample printing application: ABS plastic

### "SooMit" web conferencing management system developed

### SooMit overview

SooMit is a web conferencing management system. Incorporating groupware features developed by MUTOH ITEX and management functionality through add-ons, the system was developed from Kyoto-based SOBA Project's "SOBA mieruka" by MUTOH ITEX.

Users can prepare web conferencing schedules, manage internal conference programs and participants, notify participants, and manage each person's conference schedule. SooMit makes web conferencing systems more intuitive and easier to use.



Web conferencing management system

TV conferencing system

### "Cool Light" next-generation LED bar lighting

Offering excellent color rendering, new "Cool Light" LED shelf lighting generates minimal heat, thanks to its low energy consumption.

The advantages of LED lighting include a longer useful life, better energy efficiency, smaller size (supporting resource conservation), and mercury-free construction, which greatly reduces environmental impact. Lighting designed for

superior color rendering brings out poster colors, avoiding the cool bluish cast seen under regular LED lighting, to preserve the original appearance.





Appearance under color-rendering LED lighting

## Fortifying overseas sales bases in the Americas

### North America

As with Europe, North America represents a key market, and MUTOH AMERICA has reorganized its territory.

By maintaining headquarters in Phoenix and offices in Los Angeles, Chicago, and Boston, we can conduct carefully focused sales activities near customers to promote sales and services, paving the way for new dealers and other development.



Los Angeles Branch





**Phoenix Headquarters** 



**Boston Branch** 



### South America:Brazil

In July 2010, MUTOH INDUSTRIES concluded an agency agreement with a leading Brazilian signage equipment distributor.

With the distributor, we made an impressive appearance at 'Serigrafia Sign 2010', a trade show held June 21–24 in São Paulo, to mark our full-fledged entry into the fast-growing South and Central American market.



Staff at the distributor booth, with MUTOH employees





On the trade show floor

### "ValueJet" makes a splash at COP 10, October 18-29, 2010

COP 10—the Tenth Ordinary Meeting of the Conference of the Parties to the Convention on Biological Diversity, held in Nagoya, Aichi prefecture—set the stage for some 93 panels printed by MUTOH "ValueJet" large-format inkjet printers (VJ-1608HJ).

Printers using eco-friendly ink with significantly fewer oil-based substances produced many posters, from the official poster (titled Life in harmony, into the future) to photos of endangered plants and animals.

Use of biomass ink with a lighter environmental footprint reduces CO<sub>2</sub> emissions, which can help curb climate change.

Panels at the G8 Hokkaido Toyako Summit in 2008 were also produced with "ValueJet" printers, and the recent contribution at COP 10 sends a strong message linking MUTOH WITH ENVIRONMENTAL PERFORMANCE.



Example of the panels displayed

# Internal transfer of business operations in July 2010 Reinforcing domestic sales and service, enhancing customer satisfaction

# Transfer of "Printer Maintenance Business" from MUTOH ENGINEERING to MUTOH INDUSTRIES

MUTOH INDUSTRIES has now established a comprehensive infrastructure for large-format inkjet printers, from development, production, and sales to maintenance.

This framework better enables us to launch new products in line with changing customer needs and allows us to offer a reliable service network.

» Aiming to enlarge our market share and enhance customer satisfaction

# 2 Transfer of "CAD Business" from MUTOH INDUSTRIES to MUTOH ENGINEERING

MUTOH ENGINEERING demonstrates expertise in the field of education through production of drafters and other design and drafting equipment.

To achieve greater business synergy, we are expanding efforts in this and related fields to cultivate CAD Business sales channels focused on the manufacturing sector.

» Leveraging broad-based expertise gained in design/ drafting equipment business to provide optimal customer design environments



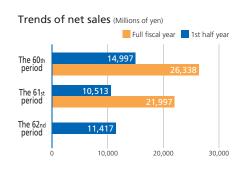
## **Consolidated Financial Statements**

Consolidated Balance Sheets (Millions of yen)			(Millions of yen)				
Period Account	As of September 30, 2010	As of September 30, 2009	As of March 31, 2010	Period Account	As of September 30, 2010	As of September 30, 2009	As of March 31, 2010
Assets				Liabilities			
Current assets	17,541	15,652	17,508	Current liabilities	5,453	4,419	5,656
	0.004	6 224	7.440	Notes and accounts payable	3,296	2,192	3,375
Cash and bank deposits	8,004	6,231	7,449	Short-term bank loans and current portion of long-term debt	104	219	115
Notes and accounts receivable	4,027	4,132	4,568	Others	2,052	2,007	2,164
				Long-term liabilities	3,876	4,082	4,114
Inventories	4,912	4,978	4,815	Long-term debt	261	354	309
Others	596	310	674	Others	3,615	3,727	3,805
				Total liabilities	9,330	8,501	9,770
Fixed assets	10,829	11,578	11,281	Net assets			
Tangible fixed assets	8,889	9,382	9,134	Shareholders' equity	20,682	19,650	20,137
J				Common stock	10,199	10,199	10,199
Intangible fixed assets	656	814	741	Capital surplus	4,182	4,182	4,182
				Retained earnings	8,607	7,574	8,061
Investments and other assets	1,283	1,381	1,405	Treasury stock	(2,306)	(2,305)	(2,305)
Investment securities	608	713	714	Valuation and translation adjustments	(2,256)	(1,501)	(1,713)
				Minority interests	615	580	594
Others	675	668	691	Total net assets	19,040	18,729	19,018
Total assets	28,370	27,230	28,789	Total liabilities and net assets	28,370	27,230	28,789

### ■Consolidated statements of income

(Millions of yen)

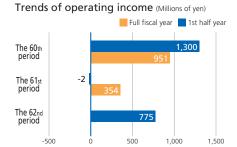
Period	1st Half period ended September 30, 2010	1st Half period ended September 30, 2009	Year ended March 31, 2010
Net sales	11,417	10,513	21,997
Operating income (loss)	775	(2)	354
Ordinary income (loss)	553	(34)	325
Income before income taxes and minority interests	655	16	418
Net income (loss)	545	(269)	217

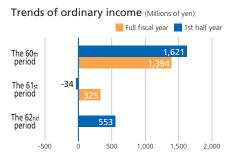


### ■Consolidated statements of cash flows

(Millions of yen)

Period Account	1st Half period ended September 30, 2010	1st Half period ended September 30, 2009	Year ended March 31, 2010
Net cash from operating activities	1,036	1,503	2,979
Net cash from investing activities	(21)	(139)	(241)
Net cash from financing activities	(39)	(45)	(189)
Effect of exchange-rate changes on cash and cash equivalents	(377)	(47)	(101)
Net increase (decrease) in cash and cash equivalents	597	1,270	2,446
Cash and cash equivalents at beginning of period	7,407	4,960	4,960
Cash and cash equivalents at end of period	8,004	6,231	7,407





### ■Consolidated subsidiaries in each business segment

Business segment	Company names
Imaging & Information Equipment Business	MUTOH INDUSTRIES LTD., MUTOH ENGINEERING INC., MUTOH Belgium nv, MUTOH Deutschland GmbH, MUTOH AMERICA INC., Sesoma - Sericomex Group, MUTOH HONG KONG LIMITED, MUTOH SINGAPORE PTE LTD., MUTOH AUSTRALIA PTY LTD.
Information Service Business	MUTOH ITEX Co., Ltd., MUTOH ENGINEERING INC., MUTOH INDUSTRIES LTD. (until Jun 2010)
Real-Estate Leasing Business	MUTOH HOLDINGS CO., LTD., MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.
Other Business	MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.

Trends of net income (Millions of yen)

Full fiscal year

The 60th period

The 61st period

The 62nd period

-500

0

500

1,000

(Note) In May 2010, MUTOH EUROPE nv changed its name to MUTOH Belgium nv. (Note) The CAD Business had been transferred from MUTOH INDUSTRIES to MUTOH ENGINEERING as of July 2010.

## Company Profile (As of September 30, 2010)

Name: MUTOH HOLDINGS CO., LTD.

Established: March 5, 1952

(founded: December 1942)

Common stock: 10,199 million yen

Head office: No.5 TOC Building, 21-1, Nishi-Gotanda,

7-chome, Shinagawa-ku, Tokyo 141-8683

Tel: +81-3-5740-8700

Management and assets management of Main business:

the Group companies

Website address: http://www.mutoh-hd.co.jp



### **MUTOH** group companies

**Domestic Subsidiary Companies** 

• MUTOH INDUSTRIES LTD.

• MUTOH ENGINEERING INC.

• MUTOH ENTERPRISES LTD.

• MUTOH ITEX Co., Ltd.

**Overseas Subsidiary Companies** 

MUTOH AMERICA INC.

• MUTOH Belgium nv

• MUTOH Deutschland GmbH

• Sesoma – Sericomex Group

• MUTOH HONG KONG LIMITED

• MUTOH SINGAPORE PTE.LTD.

• MUTOH AUSTRALIA PTY.LTD.

## ■ Directors (As of September 30, 2010)

Director

Yoshiyuki Takayama

Chairman of the Board Full-time Auditor Masanori Takayama Masanobu Takeda

President Hiroki Nakano Auditor Nobumasa Hayakawa

Yuji Yata Director Nobuaki Kunimine Auditor

Arthur Vanhoutte Director

## Stock information (As of September 30, 2010)

■ Number of shares issuable	170,000,000
■ Number of shares issued	54,818,180
■ Number of shares per unit	1,000

### ■ Major Shareholders

4,315

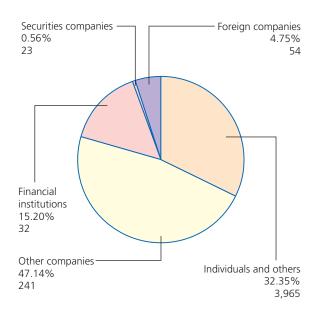
Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	13,220,000	28.74
Mutoh Holdings Trading Partners Shareholding Association	2,875,958	6.25
Hiroshi Mutoh	2,217,514	4.82
Mizuho Bank, Ltd.	2,121,399	4.61
Eiji Mutoh	1,800,586	3.91
Japan Trustee Services Bank, Ltd. (Trust placed in Chuo Mitsui Asset Trust and Banking Company, Limited and Trust Account of CMTB Equity Investments Co., Ltd)	1,457,000	3.17
The Chase Manhattan Bank N. A. London S. L. Omnibus Account	1,126,000	2.45
The Master Trust Bank of Japan, Ltd. (Trust Account)	998,000	2.17
Ikuko Mutoh	888,603	1.93
Japan Trustee Services Bank, Ltd. (Trust Account)	803,000	1.75

(Note) 1. The Company holds 8,817,076 shares of treasury stock, which is excluded from the major shareholders listed above.

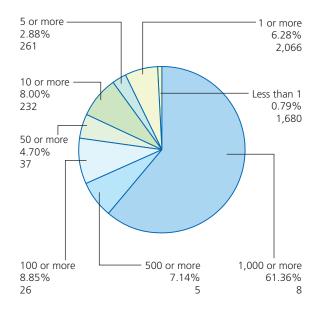
2. The ratio of shareholding is calculated after excluding treasury stock.

### Breakdown of shareholders

■ Number of shareholders



### ◆ Breakdown by the number of shares held



### **Shareholder Information**

Business year: From April 1 to March 31 of the following year

Ordinary General Meeting of Shareholders: In June each year
Year-end Dividend Record Date: March 31 each year
Interim Dividend Record Date: September 30 each year

Public Notices: Public notices shall be made on the Company's website (http://www.mutoh-hd.co.jp).

\* In case the public notices are not available on the Company's website due to unavoidable

circumstances, such notices shall be made in the Nihon Keizai Shimbun

Administrator of Shareholder Register: The Chuo Mitsui Trust and Banking Company, Ltd.

33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Mail address and Telephone number: 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063

Tel. +81-120-78-2031 (toll-free) Stock Transfer Agency Department

The Chuo Mitsui Trust and Banking Company, Ltd.

Stock transfer agent services are provided at branch offices in Japan of The Chuo Mitsui Trust and Banking Company, Ltd., and the Head Office and branch offices in Japan of Japan

Securities Agents, Ltd.

#### Notes:

1. Requests for change of address, purchasing of shares constituting less than one unit, and selling of shares to constitute one unit Please make all requests to the securities company where shareholders maintain their account.

For those shareholders who do not have an account at a securities company but who have opened a special account, please make all requests to The Chuo Mitsui Trust and Banking Company, Ltd., an account management institution of special accounts.

2. Payment of accrued dividends

Please make all requests to The Chuo Mitsui Trust and Banking Company, Ltd., which is the administrator of the shareholder register.

3. Notification about the characters used for the addresses and names of shareholders

Following the implementation of the electronic share certificate system, for any Kanji characters used for the addresses and names of shareholders that are not recognized in the book—entry transfer system used by the JASDEC Hofuri system, all or some of the characters will be changed to characters or katakana symbols that are recognized by the JASDEC Hofuri system, and be registered accordingly on the shareholder register. We kindly request the understanding of shareholders if the characters in their address on any notifications sent have been changed to those recognized by the JASDEC Hofuri system. We advise shareholders to contact their securities company for any concerns regarding the characters that are registered for their names and addresses.