

# **64th (Fiscal Year 2012) Financial Report**

April 1, 2012 to March 31, 2013



**INSPIRATION**

**IDEA**

**IMAGE**

## ■ Message to Shareholders



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

We hereby present our 64th (Fiscal Year 2012) Financial Report, covering the MUTOH Group's business performance and activities.

**President Nobumasa Hayakawa**

## Basic Policy

**With constant innovation  
and challenging  
ourselves,  
we contribute to society**

## ■ Business Situation and Outcomes

The outlook for the global economy for the current consolidated fiscal year remained unclear despite the gradual recovery trend in the US as the debt crisis in Europe became prolonged and the emerging nations that have driven the global economy up until now experienced a slowdown in economic growth.

Against this background, in our Imaging and Information Equipment Business we introduced the "ValueCut Series" as new global strategic models for cutting plotters in the signage market and the "RJ-900X Series" that achieves 25% higher speeds than the previous CAD inkjet plotter models during the first half of the fiscal year. During the second half of the fiscal year we worked to strengthen our product lineup through the introduction of the "VJ-2638" large-format inkjet printer that expands the maximum print width to 2.6 meters (104 inches) and is standardly equipped with a feed and take-up system that supports heavy media up to 100 kg while maintaining high-speed and high-quality image creation performance, and the "VJ-1617H" hybrid inkjet printer containing MP ink that makes printing possible on various materials and supports both roll and board media and newly developed white ink. 3D printers have gained much attention as of late as the new industrial revolution approaches and the market for 3D printers is expected to expand going forward. The MUTOH Group has introduced low-priced introductory models to the 3D printer product lineup that it handles (3D Systems products) and is making efforts to establish a system for the provision of a full lineup of 3D printer products from introductory products to high-end models with professional specs and strengthen sales of these products.

In our Other Business segment, as part of our new businesses we developed the Light Board "LitaVi IFL-1230-60A" and launched sales during the second half of the fiscal year. This product uses high-performance LGP (Light Guide Panel) that leverages our in-house developed inkjet printing technologies that make it possible to provide a constantly uniform light to serve as a light source for visual inspections. We will continue to aggressively develop new businesses as we focus on creating new foundations for the MUTOH Group's growth.

In terms of our business performance, both sales and profits declined year on year. This was caused in part by struggling sales in Japan and Europe as a result of the high yen during the first half of the fiscal year and the unfavorable economic conditions, despite the ongoing gradual recovery in the economic environment triggered by factors including yen depreciation brought about by expectations towards the anti-deflationary policy adopted by the new administration in Japan. Other contributing factors included a reduction in OEM production, falling product unit prices, and the switchover from leasing the head office building to internal MUTOH Group use.

As a result of these factors, in terms of the consolidated business performance for the fiscal year under review, net sales stood at ¥17,982 million (down 12.0% year on year). Although continual efforts were made to reduce product costs and selling, general and administrative expenses, as a result of reduced sales operating income came to ¥140 million (down 78.6% year on year). Meanwhile, due mainly to the posting of a foreign exchange gain of ¥447 million under non-operating income as a result of yen depreciation, ordinary income decreased to ¥715 million (down 45.3% year on year) and net income of ¥261 million was recorded for the fiscal year (compared with a net loss of ¥425 million in the same period of the previous year).

The Company has decided to distribute year-end dividends of ¥3 per share to our shareholders, thanking them for support to date.

We would like to request your continuing support of the Company in years to come.

# Consolidated Financial Highlights

○ Consolidated net sales  
64<sup>th</sup> (FY2012) period: **¥17,982** million

61<sup>st</sup> (FY2009) period: **21,997** million    62<sup>nd</sup> (FY2010) period: **21,920** million    63<sup>rd</sup> (FY2011) period: **20,441** million

○ Consolidated operating income  
64<sup>th</sup> (FY2012) period: **¥140** million

61<sup>st</sup> (FY2009) period: **354** million    62<sup>nd</sup> (FY2010) period: **1,202** million    63<sup>rd</sup> (FY2011) period: **653** million

○ Consolidated ordinary income  
64<sup>th</sup> (FY2012) period: **¥715** million

61<sup>st</sup> (FY2009) period: **325** million    62<sup>nd</sup> (FY2010) period: **962** million    63<sup>rd</sup> (FY2011) period: **1,306** million

○ Consolidated net income (loss)  
64<sup>th</sup> (FY2012) period: **¥261** million

61<sup>st</sup> (FY2009) period: **217** million    62<sup>nd</sup> (FY2010) period: **800** million    63<sup>rd</sup> (FY2011) period: **(425)** million

○ Consolidated gross assets  
64<sup>th</sup> (FY2012) period: **¥27,363** million

61<sup>st</sup> (FY2009) period: **28,789** million    62<sup>nd</sup> (FY2010) period: **28,462** million    63<sup>rd</sup> (FY2011) period: **27,028** million

○ Consolidated net assets  
64<sup>th</sup> (FY2012) period: **¥19,170** million

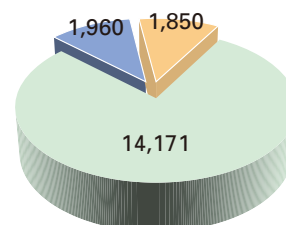
61<sup>st</sup> (FY2009) period: **19,018** million    62<sup>nd</sup> (FY2010) period: **19,459** million    63<sup>rd</sup> (FY2011) period: **18,601** million

## Business Segment Net Sales (Millions of yen)

■ Imaging & Information Equipment Business  
■ Information Service Business  
■ Real-Estate Leasing Business and Other Business

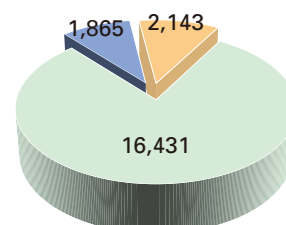
● 64<sup>th</sup> (FY2012) period:

**¥17,982** million



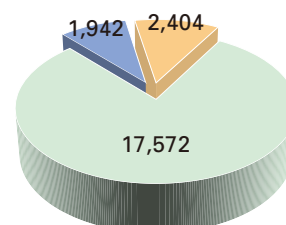
● 63<sup>rd</sup> (FY2011) period:

**¥20,441** million



● 62<sup>nd</sup> (FY2010) period:

**¥21,920** million



## Projections for the next period

	(Millions of yen)			
	Net sales	Operating income	Ordinary income	Net income
Consolidated projections	20,000	400	450	170

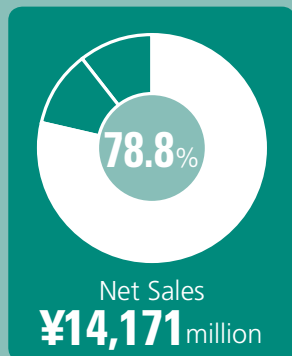
Figures announced on May 15, 2013.

The business environment for the MUTOH Group's Imaging and Information Equipment Business became more severe due to the continual decline in sales prices in the mature printer market, despite the signs of sales improvements seen as a result of the positive effect of yen depreciation on exchange rates and a trend of economic recovery.

The MUTOH Group aims to develop new markets by continuing to develop and introduce new products and strengthening and enhancing its sales and service system for 3D printers. In addition, in its LGP business that applies inkjet printing technologies the MUTOH Group will further strengthen development and sales as it endeavors to enhance its earnings capacity.

# Overview of Business Segments

## Imaging & Information Equipment Business

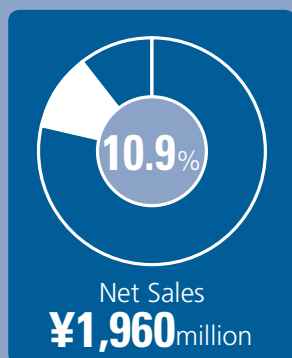


In Asia, due to factors such as the reduction in domestic OEM production and struggling domestic sales, net sales and operating income stood at ¥6,888 million (down 19.2% year on year) and ¥269 million (down 50.7% year on year), respectively.

In North America, while net sales mostly held steady at ¥2,291 million (up 3.6% year on year), operating income came to ¥33 million (down 67.8% year on year) as a result of falling sales unit prices.

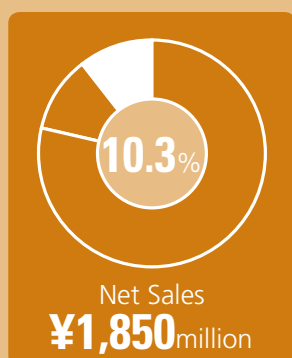
In Europe, as a result of the high yen throughout the first half of the fiscal year and the sluggish regional economy, net sales and an operating loss of ¥4,990 million (down 12.4% year on year) and ¥231 million (compared with an operating loss of ¥66 million in the same period last year), respectively, were recorded.

## Information Service Business



In the Information Service Business, earnings increased in the CAD business and systems solutions service business thanks to ongoing efforts to strengthen sales capabilities. As a result, net sales stood at ¥1,960 million (up 5.1% year on year). Operating income increased to ¥148 million (up 67.6% year on year) due to ongoing profit structure reform focused on the systems solutions service business and the effect of cost reductions.

## Real-Estate Leasing Business and Other Businesses



In the Real Estate Leasing Business, due to a decrease in lease properties accompanying the switchover to internal MUTOH Group use for the Head Office Building, net sales and operating income stood at ¥323 million (down 41.4% year on year) and ¥227 million (down 20.5% year on year), respectively.

In Other Business, due to an environment of sluggish consumer spending and capital expenditures brought about by prolonged deflation, the business environment remained difficult for sports support products and design/drafting equipment products. As a result, net sales and an operating income of ¥1,527 million (down 4.1% year on year) and ¥0 million (compared with an operating loss of ¥16 million in the same period last year), respectively, were recorded.



## Supports a maximum print width of 2.6 meters (104 inches) Launch of the "VJ-2638" high-speed large-format inkjet printer

While keeping the printing performance of the 64-inch support "VJ-1638" that was highly acclaimed for its high-speed and high-quality printing abilities, the "VJ-2638" uses a new two-head zigzag array to achieve an expanded maximum print width of 2.6 meters (104 inches) and is standardly equipped with a feed and take-up system that support heavy media up to 100 kg.

In addition, equipping the device with up to a total of eight optional 1,000 ml ink packs (4 colors x 2 packs) enables high-volume, high-speed consecutive printing, making it possible to efficiently produce ultra-large signs such as billboards.

Furthermore, it is equipped with the "ValueJet Status Monitor (VSM)" PC software that allows confirmation of the MUTOH printer's status in real-time, supporting efficient printer operations by allowing users to confirm various information from PCs and smartphones.



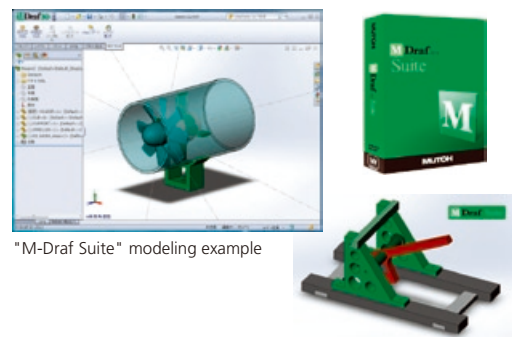
High-speed, large-format inkjet printer "VJ-2638"

## 2D/3D integration CAD software Release of the "M-Draf Suite 2013"

The "M-Draf Suite" is an all-in-one 2D/3D CAD software package that combines the 3D modeling tool "M-Draf 3D" and the professional 2D design and drafting software "M-Draf Spirit." We have released a 2013 version that further incorporates user needs.

The main features are as follows.

- ◆ Support for foreign character display and input for drawings from overseas  
⇒ Makes it possible to exchange drawings with overseas production bases
- ◆ Strengthened PDF output to support increasingly complex drawing data  
⇒ Supports rich drawing expression
- ◆ Supports the new Windows 8 OS



"M-Draf Suite" modeling example

## Japanese national soccer team officially licensed product Launch of "Finoa Super Cold-Spray JFA"

We present the new "Finoa Super Cold-Spray JFA" as the Japanese national soccer team version of the cooling spray often used in sporting injuries.

The main features are as follows.

- ◆ Effective for bruises and sprained ankles
- ◆ Works by spraying the product approximately 20 cm away from the injured area for about 5 seconds
- ◆ Equipped with long nozzle to accurately cover the injured area
- ◆ Large spraying button allows for a prompt response
- ◆ Uses a degassing cap



"Finoa Super Cold-Spray JFA"

## MUTOH supports your 3D printer needs! Introducing the new "CubeX™ Series"



\*Products that have passed MUTOH's proprietary pre-shipping inspections are labeled with the MUTOH mark as proof of reliability

We have launched sales of the new "CubeX™ Series" model personal 3D printer (3D Systems).

(Body unit price: from ¥398,000 plus tax)

The main features are as follows.

- ◆ Up to approximately double the print speed compared to conventional models
- ◆ With the maximum build area in its class, can create large objects in a complete form
- ◆ Cartridge type makes it easy to load modeling material
- ◆ With the first setup service (for a fee) in the industry, MUTOH provides unique support including setup and operations education to help first-time users feel reassured



Examples of models created with the "CubeX™ Series"

## Launch of the MP ink-equipped "VJ-1617H" – Supports white ink and equipped with a newly developed ink-drying system –

We launched sales of the "VJ-1617H" (64 inches supported) hybrid inkjet printer that is equipped with MP (multi-purpose) ink (soluble ink with plant-derived components reduced to 50%) that makes printing possible on various materials and supports both roll and board media.

The main features are as follows.

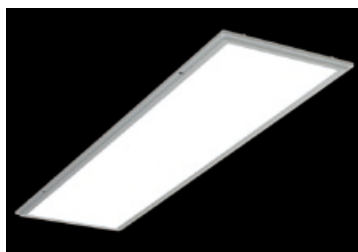
- ◆ In addition to traditional four-color ink, MP 11 white ink newly developed
- ◆ Maximum media thickness expanded from the original 10 mm to 15 mm and maximum media weight expanded from the original 5 kg to 15 kg
- ◆ The automatic detection time for the thickness and width of the set media synergistically reduced to less than 1/3 of traditional models
- ◆ Board media conveyance capacity and durability improved
- ◆ Equipped with newly developed ink-drying system, improving the ink-drying capacity for media
- ◆ By setting a cleaning solution cartridge in the printer body, reduces daily maintenance load
- ◆ Equipped with the "ValueJet Status Monitor (VSM)" PC software that allows for confirmation of the MUTOH printer's status in real-time, supporting efficient printer operations by allowing users to confirm various information from PCs and smartphones



Hybrid inkjet printer "VJ-1617H"  
(Example of optional roller conveyor units installation example)

## Launch of Light Board "LitaVi IFL-1230-60A"

**LitaVi**<sup>®</sup>  
LightBoard



"LitaVi IFL-1230-60A"

For visual inspections that require the detection of fine particles and minute scratches, provision of a constantly uniform light is essential. In response to these needs, we present Light Board "LitaVi IFL-1230-60A," a light source for visual inspections that uses high-performance LGP that leverages our in-house developed inkjet printing technologies.

The main features are as follows.

- ◆ **Achieves high stability as a source of light with fixed chromaticity coordinates**  
Achieves high uniformity as a light source for visual inspections with controlled variation and flickering by fixing chromaticity coordinates with extremely high accuracy.
- ◆ **Uses innovative high-performance LGP (Light Guide Panel)**  
Uses high-performance LGP provided with a precise gradation pattern using our in-house developed inkjet printing technologies.
- ◆ **Contributes to energy savings and working environment optimization**  
Provides high energy savings and an optimal working environment as task (work section) and ambient (overall surrounding environment) lighting.
- ◆ **Can be used in various types of visual inspections as a uniform and stable light source**  
Contributes to accuracy and efficiency improvements in various types of visual inspections, from the inspection process for automobiles and consumer electronics to electronic parts and printing materials.

## Notice on shareholder privilege items (catalog gifts)

MUTOH HOLDINGS has established a shareholder privilege program under which we will send a gift catalog following the ordinary general meeting of shareholders in June to all shareholders that are recorded as holding at least 1,000 shares in our shareholders' registry as of March 31 every year. We will award shareholders with the product they select from this catalog.

**On this occasion, giving priority to presenting gifts that delight our shareholders, we have replaced our traditional catalog gifts with original catalog gifts that represent a carefully chosen selection of 50 items.**

Note that there have been no changes in the catalog prices presented based on the number of shares owned.

**\*Shareholders owning 1,000 to 4,999 shares**

…Presented with an original catalog gift equivalent to ¥3,000

**\*Shareholders owning 5,000 to 9,999 shares**

…Presented with an original catalog gift equivalent to ¥5,000

**\*Shareholders owning 10,000 shares or more**

…Presented with an original catalog gift equivalent to ¥10,000

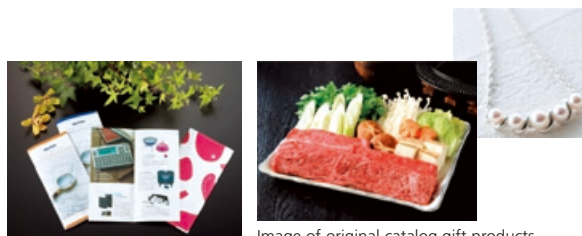


Image of original catalog gift products

# Consolidated Financial Statements

## Consolidated Balance Sheets

(Millions of yen)

(Millions of yen)

Account	Period	FY2012 Period As of March 31, 2013	FY2011 Period As of March 31, 2012	Account	Period	FY2012 Period As of March 31, 2013	FY2011 Period As of March 31, 2012
<b>Assets</b>				<b>Liabilities</b>			
Current assets		16,184	15,863	Current liabilities		4,322	4,871
Cash and bank deposits		7,407	6,144	Notes and accounts payable		2,362	2,960
Notes and accounts receivable		3,794	4,347	Others		1,959	1,910
Inventories		3,902	4,575	Long-term liabilities		3,870	3,555
Others		1,079	796	Allowance for retirement benefits		3,475	3,162
Fixed assets		11,178	11,165	Others		394	393
Tangible fixed assets		8,456	8,626	<b>Total liabilities</b>		<b>8,192</b>	<b>8,426</b>
Intangible fixed assets		187	160	<b>Net assets</b>			
Investments and other assets		2,534	2,378	Shareholders' equity		20,480	20,359
Investment securities		1,957	1,815	Capital stock		10,199	10,199
Others		577	562	Capital surplus		4,181	4,181
<b>Total assets</b>		<b>27,363</b>	<b>27,028</b>	Retained earnings		8,422	8,298
				Treasury stock		(2,323)	(2,319)
				<b>Total other cumulative comprehensive income</b>		<b>(1,992)</b>	<b>(2,408)</b>
				Minority interests		682	650
				<b>Total net assets</b>		<b>19,170</b>	<b>18,601</b>
				<b>Total liabilities and net assets</b>		<b>27,363</b>	<b>27,028</b>

## Consolidated statement of change in net assets FY2012(April 1, 2012 – March 31, 2013)

(Millions of yen)

	Shareholders' equity					Total other cumulative comprehensive income	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Outstanding as of April 1, 2012	10,199	4,181	8,298	(2,319)	20,359	(2,408)	650	18,601
Change in value for consolidated accounting year								
Dividend of surplus			(137)		(137)			(137)
FY2012 net income			261		261			261
Acquired treasury stock				(4)	(4)			(4)
Disposed treasury stock		(0)		0	0			0
Change in value for consolidated accounting year for items other than capital stock (net)					—	416	32	448
<b>Total change in value for consolidated accounting year</b>	<b>—</b>	<b>(0)</b>	<b>124</b>	<b>(3)</b>	<b>120</b>	<b>416</b>	<b>32</b>	<b>569</b>
Outstanding as of March 31, 2013	10,199	4,181	8,422	(2,323)	20,480	(1,992)	682	19,170



## ■ Consolidated statements of income

(Millions of yen)

Account	Period	Year ended March 31, 2013	Year ended March 31, 2012
Net sales		17,982	20,441
Operating income		140	653
Ordinary income		715	1,306
Income before income taxes and minority interests		773	7
Net income (loss)		261	(425)

## ■ Consolidated statements of cash flows

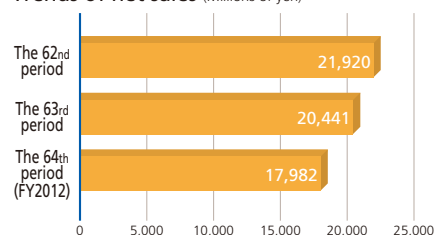
(Millions of yen)

Account	Period	Year ended March 31, 2013	Year ended March 31, 2012
Net cash from operating activities		1,020	(484)
Net cash from investing activities		(322)	(276)
Net cash from financing activities		(192)	(521)
Net increase (decrease) in cash and cash equivalents		1,021	(1,448)
Cash and cash equivalents at beginning of period		6,144	7,592
Cash and cash equivalents at end of period		7,166	6,144

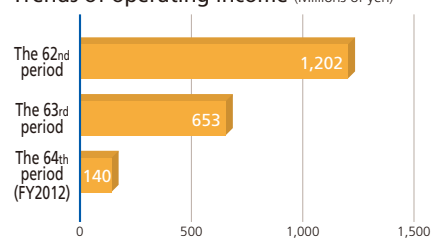
## ■ Consolidated subsidiaries in each business segment

Business segment	Company names
Imaging & Information Equipment Business	MUTOH INDUSTRIES LTD., MUTOH Belgium nv, MUTOH North Europe S.A., MUTOH Deutschland GmbH, MUTOH AMERICA INC., MUTOH HONG KONG LIMITED, MUTOH SINGAPORE PTE. LTD., MUTOH AUSTRALIA PTY. LTD.,
Information Service Business	MUTOH ITEX Co. Ltd., MUTOH ENGINEERING INC.,
Real-Estate Leasing Business	MUTOH HOLDINGS CO., LTD., MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.
Other Business	MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.

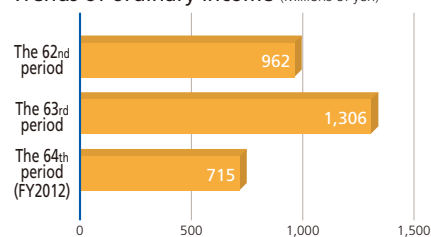
## Trends of net sales (Millions of yen)



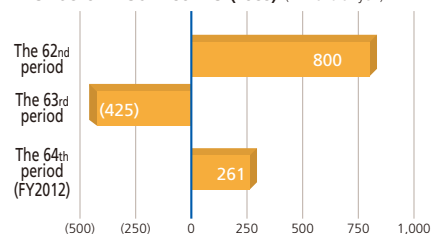
## Trends of operating income (Millions of yen)



## Trends of ordinary income (Millions of yen)



## Trends of net income (loss) (Millions of yen)



# Company Profile (As of June 27, 2013)

**Name:** MUTOH HOLDINGS CO., LTD.

**Established:** March 5, 1952  
(founded: December 1942)

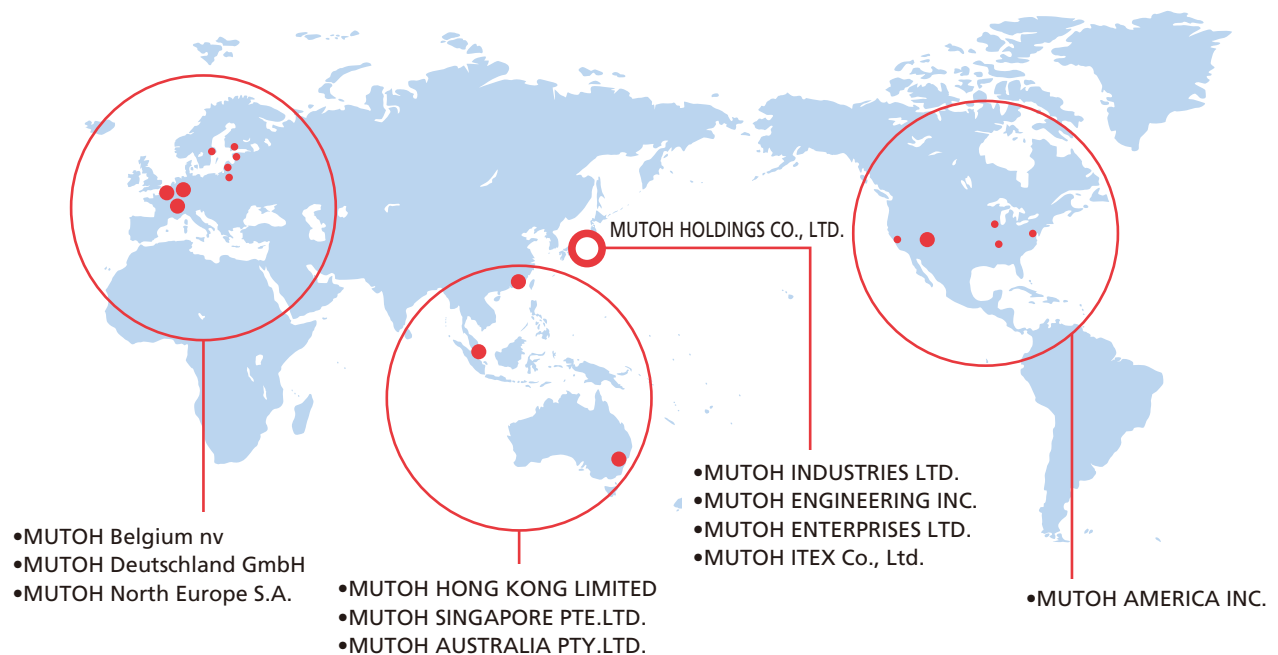
**Capital stock:** 10,199 Millions yen

**Head office:** 1-3, Ikejiri 3-chome, Setagaya-ku, Tokyo  
154-8560  
TEL: +81-3-6758-7100

**Main business:** Management and assets management of  
the Group companies

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

## MUTOH group companies



## ■ Directors (As of June 27, 2013)

Masanori Takayama	<b>Chairman of the Board</b>	Hajime Tatsuzawa	<b>Full-time Auditor</b>
Nobumasa Hayakawa	<b>President</b>	Toshio Ishida	<b>Auditor</b>
Yoichi Abe	<b>Director</b>	Nobuaki Kunimine	<b>Auditor</b>
Hisayoshi Aoki	<b>Director</b>		
Masanobu Takeda	<b>Director</b>		
Yoshiyuki Takayama	<b>Director</b>		
Yoshihiko Baba	<b>Director</b>		

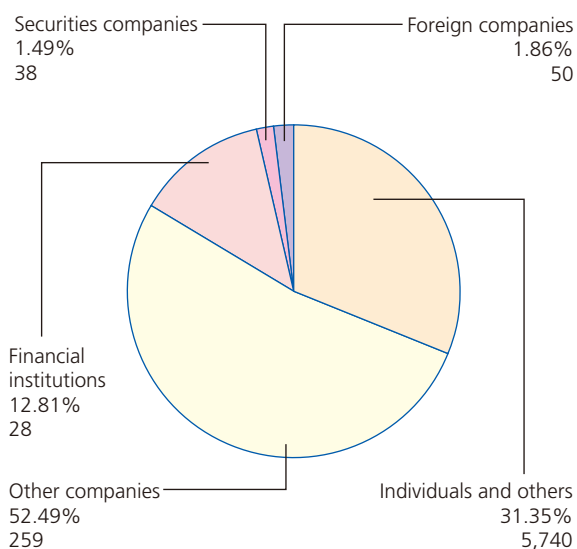
■ Number of shares issuable	170,000,000
■ Number of shares issued	54,818,180
■ Number of shares per unit	1,000
■ Number of shareholders	6,115

## ■ Major Shareholders

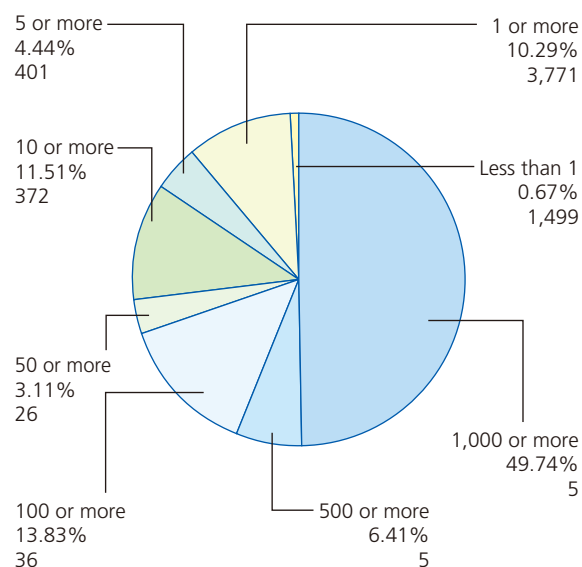
Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	13,220,000	28.78
Mizuho Bank, Ltd.	2,121,399	4.62
Eiji Mutoh	1,580,586	3.44
Sumitomo Mitsui Trust Bank, Limited	1,457,000	3.17
Unisystem Co., Ltd.	923,000	2.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	810,000	1.76
NTT System Development Co., Ltd.	712,000	1.55
Ikuko Mutoh	638,603	1.39
Keiichi Hori	591,000	1.29
High-Tech System Corporation	551,000	1.20

(Note) 1. The Company holds 8,889,236 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



## ◆ 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 ( <a href="http://www.mutoh-hd.co.jp">http://www.mutoh-hd.co.jp</a> ). * 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 :	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233
Mail address and Telephone number :	8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063 TEL: +81-120-782-031 (toll-free) Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited Stock transfer agent services are provided at branch offices in Japan of Sumitomo Mitsui Trust Bank, Limited.

## 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 Sumitomo Mitsui Trust Bank, Limited, an account management institution of special accounts.

### 2. Payment of accrued dividends

Please make all requests to Sumitomo Mitsui Trust Bank, Limited, which is the administrator of the shareholder register.

### 3. Dividend Statement

The Dividend Statement that is delivered upon dividend payment also serves as a Payment Notice in accordance with the stipulations of the Act on Special Measures Concerning Taxation.

This document can be used as an attachment when filing your income tax return. We ask that shareholders who will file an income tax return carefully store this document.

For shareholders that have selected the stock pro rata system, your stock brokerage will calculate the amount of withholding tax.

Please confirm with your stock brokerage the materials to be submitted when filing your income tax return.