

66th (Fiscal Year 2014) Financial Report

April 1, 2014 to March 31, 2015



■ 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 66th (Fiscal Year 2014) 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

In the current consolidated fiscal year, the economies in Europe and the US sustained a gradual recovery, while those of China and other emerging countries in Asia continued to expand, despite a slower growth rate. That said, factors such as prolonged geopolitical risks caused by political instability in Eastern Europe and the Middle East, stagnant consumer spending in Japan and higher material costs are leading to concerns of an economic downturn.

Against this background, in our core large-format inkjet printer business, the "ValueJet" series won the "PRODUCT OF THE YEAR" award at the SGIA (Specialty Graphic Imaging Association) Expo (the industry's largest exhibition in the US) for the third consecutive year, reflecting the market's extremely positive reception of MUTOH's large-format inkjet printers at graphic sign expos both in Japan and overseas. We delayed the shipment of some of our new product models by several months over initial plans to ensure safety, but worked to expand sales by strengthening our product lineup with the introduction of four new product models.

In the 3D printer business, we focused on product development with the aim of enhancing brand strength and the product line-up, despite increasingly severe price competition for personal 3D printers. We made upfront investments to expand our business in the future. In the personal 3D printer "Value3D MagiX" segment, which uses fused deposition modeling (FDM), we launched the MF-2000, equipped with a double head, in the first half of the fiscal year, followed in the second half by the MF-500, an entry model equipped with MUTOH's original head. We actively expanded production models, and in the second half of the year announced a mold sample for a metal 3D printer employing the arc welding method developed in a collaboration between industry and academia. This unprecedented use of the arc welding method, which makes possible a low-cost metal 3D printer with low running costs and a high speed, has met with an enthusiastic response. Moreover, we made efforts to expand the business with the start of the 3D dress-up figure print service "Value 3D Figure World," which is a total 3D print service solution, and also expanded our chain and began opening booths at various events.

As a result of these factors, in terms of the consolidated business performance for the fiscal year under review, net sales stood at ¥23,475 million (up 1.6% year on year), operating income came to ¥1,306 million (down 19.9% year on year), and ordinary income decreased 32.8% to ¥1,354 million. This can be attributed to the impact of shipment delays for some products and an increase in upfront investments, which offset the positive impact of improvements in the business environment resulting from a weak yen, etc. The company recorded a ¥2,751 million gain as extraordinary income resulting from the transfer of benefit obligations relating to the employees' pension fund (past portion), and as a result net income of ¥2,684 million was recorded for the fiscal year (up 11.8% year on year).

The Company has decided to increase dividends by ¥2 and distribute year-end dividends of ¥7 per share to our shareholders, in appreciation of their support to date.

We greatly appreciate your support and ask for your continued assistance and cooperation.

Consolidated Financial Highlights

○ Consolidated net sales
66th (FY2014) period: **¥23,475** million

63rd (FY2011) period: 20,441 million
64th (FY2012) period: 17,982 million
65th (FY2013) period: 23,115 million

○ Consolidated operating income
66th (FY2014) period: **¥1,306** million

63rd (FY2011) period: 653 million
64th (FY2012) period: 140 million
65th (FY2013) period: 1,630 million

○ Consolidated ordinary income
66th (FY2014) period: **¥1,354** million

63rd (FY2011) period: 1,306 million
64th (FY2012) period: 715 million
65th (FY2013) period: 2,014 million

○ Consolidated net income (loss)
66th (FY2014) period: **¥2,684** million

63rd (FY2011) period: (425) million
64th (FY2012) period: 261 million
65th (FY2013) period: 2,399 million

○ Consolidated gross assets
66th (FY2014) period: **¥32,027** million

63rd (FY2011) period: 27,028 million
64th (FY2012) period: 27,363 million
65th (FY2013) period: 32,953 million

○ Consolidated net assets
66th (FY2014) period: **¥25,061** million

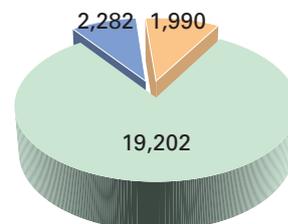
63rd (FY2011) period: 18,601 million
64th (FY2012) period: 19,170 million
65th (FY2012) period: 21,446 million

Business Segment Net Sales (Millions of yen)

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

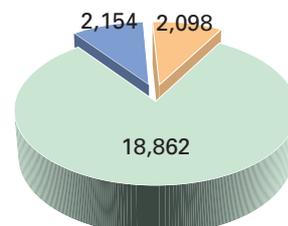
● 66th (FY2014) period:

¥23,475 million



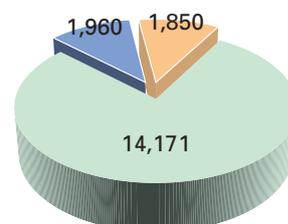
● 65th (FY2013) period:

¥23,115 million



● 64th (FY2012) period:

¥17,982 million



Projections for the next period

	Net sales	Operating income	Ordinary income	Net income attributable to the ordinary equity holders of the parent entity
Consolidated projections	26,000	1,300	1,350	850

(Millions of yen)
Figures announced on May 15, 2015.

Although the global economy remains on a modest recovery trajectory overall, the outlook is uncertain as there are still concerns over deflation in Europe and an economic slowdown caused by slowing growth rates in emerging economies.

Within this environment, the MUTOH Group aims to expand its product lineup and increase sales by actively introducing new large-format ink jet printers and 3D printers to the market. On the profit/loss side, we will continuously cut costs, but we anticipate an increase in manufacturing costs as a result of higher materials costs. Despite that, we will continue to make aggressive investments in our development to ensure our sustainable expansion into the future.

Imaging & Information Equipment Business



In Asia, despite strong sales to China and other emerging Asian countries, the impact of shipment delays for some products and higher development investments led to a 5.1% year-on-year decline in net sales to ¥8,420 million and a 48.5% drop in segment profit to ¥511 million.

In North America, thanks to the US economic recovery and the effect of a weak yen, in addition to aggressive sales activities, net sales and segment profit stood at ¥3,767 million (up 13.0% year on year) and ¥348 million (up 98.8% year on year), respectively.

In Europe, sales were up on robust sales and yen depreciation, but income was affected by more intense price competition. As a result, net sales and segment profit stood at ¥7,014 million (up 5.4% year on year) and ¥412 million (down 2.5% year on year), respectively.

Information Service Business



In the Information Service Business, sales and income increased in the CAD business and systems solutions service business due to ongoing efforts to strengthen sales in existing businesses. However, start-up costs for the commercialization of the 3D solutions business in its first fiscal year with a view to the future had an impact, and net sales and segment profit stood at ¥2,282 million (up 5.9% year on year) and ¥114 million (down 48.6% year on year), respectively.

Real-Estate Leasing Business and Other Businesses



In the Real Estate Leasing Business, operating rates rose, but as a result of a switchover to internal Group use for some real estate, net sales and segment profit stood at ¥250 million (down 29.5% year on year) and ¥186 million (down 21.7% year on year), respectively.

In Other Business, weak consumer spending had a strong impact, but as a result of proactive sales activities in existing and new businesses and efforts to reduce costs, net sales stood at ¥1,739 million (down 0.2% year on year) and segment profit of ¥3 million was recorded (compared to a ¥101 million segment loss in the same period last fiscal year).

Won "Best New Product" and "Top Product" at the International Sign Expo 2015, a US ISA show

MUTOH won two honors at the 2015 International Sign Expo held in Las Vegas in the US on April 9-11.

"Best New Product"

This award goes to the product deemed to be the best of all the new products exhibited at the expo. Winning the honor was MUTOH's VJ-426UF, a UV ink-compatible desktop ink jet printer. The VJ-426UF allows users to print on a wide range of media up to 70 mm thick. It uses an LED-UV lamp that offers both small size and long life, creating a new business field.

"Top Product"

In the Wide-Format Imaging awards, which are determined by votes from readers, the VJ-1626UH won "Top Product" in the Hybrid/UV Printer (24" or over) category and VJ-1638X won in the Solvent Printer category.



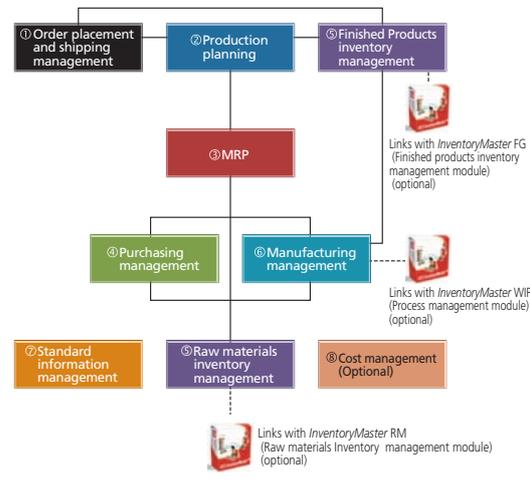
The VJ-426UF, winner of "Best New Product", and the vice president of MUTOH AMERICA

Software package for integrated production management *ProductionMaster™*

ProductionMaster™ was developed using the most recent Web technology as an integrated production management package covering every step in a factory's manufacturing process from orders to shipment. This package is easy to understand and use and can be installed in a short time.

- ◆ State of completion as production management can be raised step-by-step
- ◆ PDCA management cycle can be followed precisely, leading directly to rapid response and improved productivity
- ◆ Mechanisms set up so that site conditions and irregularities are identified
- ◆ Key performance indicators and monthly statistical materials can be viewed on graphs and downloaded for analysis
- ◆ Compatible with multiple languages and bonded parts, making it very useful in overseas factories
- ◆ Since it's a Web-based system, it can link different sites via the Internet
- ◆ Replete with functions that make the system easy to use (individual settings, compatibility with company's own terms, etc.)

ProductionMaster™ covers every aspect of the production process



In-room internal illumination signboard Ultra high-luminance light panel

Ultra high-luminance light panels are in-room internal illumination signboards with a surface luminance of 6,000 lux that require no dedicated media films.

It shines with a beautiful brightness even on normal coated paper.

- ◆ Surface-emitting panel that illuminates evenly
Proprietary light guide panel technology achieves even illumination and thinness
- ◆ Easy to replace and update posters
Simple to replace by opening the four sides of the front frame
- ◆ LED saves energy, ensures ultra long life and is economical and gentle on the environment
- ◆ Thin and light weight so that it can either be set in place or hung up
- ◆ Compatible with various sizes (optical characteristics vary depending on size)
Compatible with various sizes to meet your requirements, in addition to A1 and B1 sizes



Used in stores for signs and menu stands



Used for product and research announcements, explanatory panels, and showroom exhibits



Highlight presence at exhibitions
Create bright exhibition booth

Garment printer Release of 4-color VJ-404GT and 5-color VJ-405GT

The 4-color VJ-404GT and 5-color VJ-405GT will begin to be sold from late June as a garment printer able to print directly on textiles such as cotton t-shirts, jeans and tote bags.

Since plates are not required, it is immediately compatible with single-issue original products, and many colors and gradations can easily be shown.



VJ-404GT
VJ-405GT
Garment printer

The main features are as follows:

- ◆ The 4-color (CMYK) machine VJ-404GT is compatible with both light colors and white media.
- ◆ The 5-color (CMYKW) machine VJ-405GT is compatible with light-colored, white and dark-colored media.
- ◆ Maximum print field is 400×585 mm
- ◆ Comes with print drive and layout applications for Windows as standard to ensure ease of use
- ◆ 7-inch LCD touch panel makes printer easy to use
- ◆ Simple settings to customize fixtures ensures compatibility with various applications
- ◆ Removable platen in three sizes (small, medium and large) available (medium size is standard attachment)

Focus on ensuring ease of use with simple layout applications!



Navigation screen

- Select platen size
- Imaging settings, etc.

Select printing mode

- Color printing
- White + color printing
- White printing

Select picture

[compatible format]

- .jpg
- .gif
- .png
- .tiff
- .bmp, etc.

Production type Release of “Arc welding metal 3D printer”

Based on the results of collaborative research with the Tokyo University of Agriculture and Technology, MUTOH developed a new type of metal 3D printer using the arc welding method, and announced this success in January. We plan to release the product in the Fiscal Year 2015.

Compared to conventional metal 3D printers, this product achieves both lower price and lower cost.

High speed, high durability and low cost achieved!

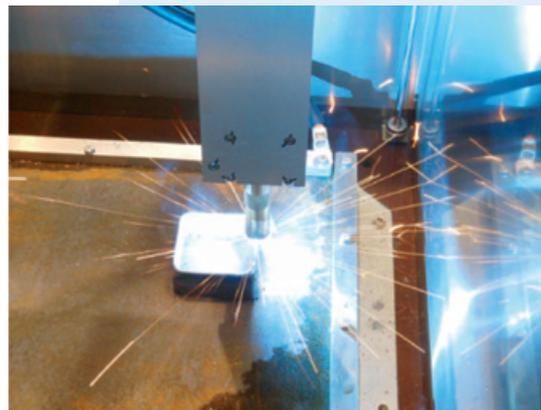
- ◆ Arc welding method makes high output and high-speed molding possible
- ◆ Strength is equivalent to bulk material in accordance with normal arc welding
- ◆ Uses welding wire sold in the market as mold material
 - ⇒ Low cost
 - ⇒ Large physical property data base
 - ⇒ Simple to handle and manage
- ◆ Near net shape can be molded using hard-to-cut materials and expensive materials
 - ⇒ Mold to a shape close to the final shape to reduce time and materials
- ◆ Enables “additional molds” for existing products
 - ⇒ Reduce time and cost by adding molds for existing products



“Arc welding metal 3D printer”



Mold samples



Example of arc-welding molding process

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

(Millions of yen)

Account	Period	FY2014 Period As of March 31, 2015	FY2013 Period As of March 31, 2014	Account	Period	FY2014 Period As of March 31, 2015	FY2013 Period As of March 31, 2014
Assets				Liabilities			
Current assets		20,563	20,350	Current liabilities		5,179	5,949
Cash and bank deposits		8,597	9,730	Notes and accounts payable		3,036	3,512
Notes and accounts receivable		4,295	4,832	Others		2,142	2,436
Inventories		5,533	4,225	Long-term liabilities		1,787	5,557
Others		2,137	1,562	Debt for retirement benefits		1,277	5,049
Fixed assets		11,463	12,603	Others		509	507
Tangible fixed assets		8,395	8,499	Total liabilities		6,966	11,506
Intangible fixed assets		197	173	Net assets			
Investments and other assets		2,870	3,930	Shareholders' equity		25,206	22,731
Investment securities		2,328	1,997	Capital stock		10,199	10,199
Others		541	1,933	Capital surplus		4,182	4,181
Total assets		32,027	32,953	Retained earnings		13,165	10,684
				Treasury stock		(2,340)	(2,334)
				Total other cumulative comprehensive income		(1,036)	(2,011)
				Minority interests		890	727
				Total net assets		25,061	21,446
				Total liabilities and net assets		32,027	32,953

Consolidated statement of change in net assets FY2014 (April 1, 2014 – March 31, 2015)

(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, 2014	10,199	4,181	10,684	(2,334)	22,731	(2,011)	727	21,446
Cumulative impact of changes in accounting policy			26		26		6	33
Balance at beginning of period reflecting changes in accounting policy	10,199	4,181	10,711	(2,334)	22,757	(2,011)	734	21,479
Change in value for consolidated accounting year								
Dividend of surplus			(229)		(229)			(229)
FY2014 net income			2,684		2,684			2,684
Acquired treasury stock				(7)	(7)			(7)
Disposed treasury stock		0		0	1			1
Change in value for consolidated accounting year for items other than capital stock (net)						975	156	1,132
Total change in value for consolidated accounting year	—	0	2,454	(6)	2,448	975	156	3,581
Outstanding as of March 31, 2015	10,199	4,182	13,165	(2,340)	25,206	(1,036)	890	25,061

■ Consolidated statements of income

(Millions of yen)

Account	Period	Year ended March 31, 2015	Year ended March 31, 2014
Net sales		23,475	23,115
Operating income		1,306	1,630
Ordinary income		1,354	2,014
Income before income taxes and minority interests		4,119	2,100
Net income		2,684	2,399

■ Consolidated statements of cash flows

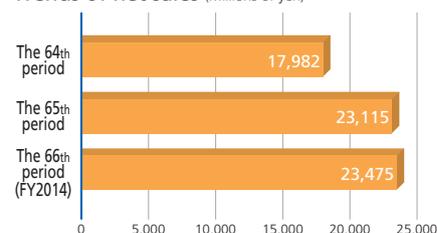
(Millions of yen)

Account	Period	Year ended March 31, 2015	Year ended March 31, 2014
Net cash from operating activities		(487)	2,034
Net cash from investing activities		(477)	204
Net cash from financing activities		(120)	(155)
Net increase (decrease) in cash and cash equivalents		(1,133)	2,563
Cash and cash equivalents at beginning of period		9,730	7,166
Cash and cash equivalents at end of period		8,597	9,730

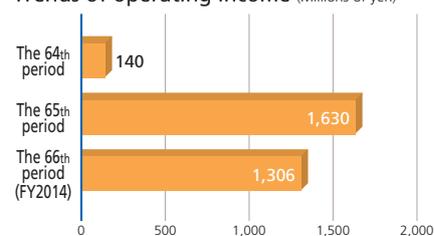
■ Consolidated subsidiaries in each business segment

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., MUTOH ENGINEERING INC.
Information Service Business	MUTOH ITEX Co., Ltd., MUTOH ENGINEERING INC., MUTOH FIGURE WORLD INC.
Real-Estate Leasing Business	MUTOH HOLDINGS CO., LTD., MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.
Other Business	MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.

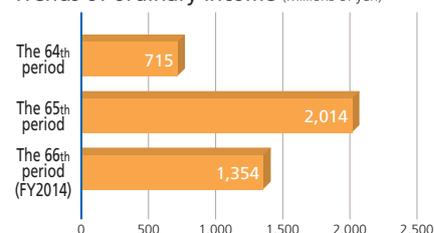
Trends of net sales (Millions of yen)



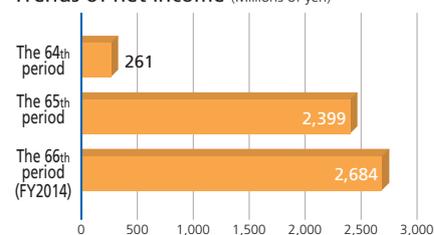
Trends of operating income (Millions of yen)



Trends of ordinary income (Millions of yen)



Trends of net income (Millions of yen)



Name: MUTOH HOLDINGS CO., LTD.

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

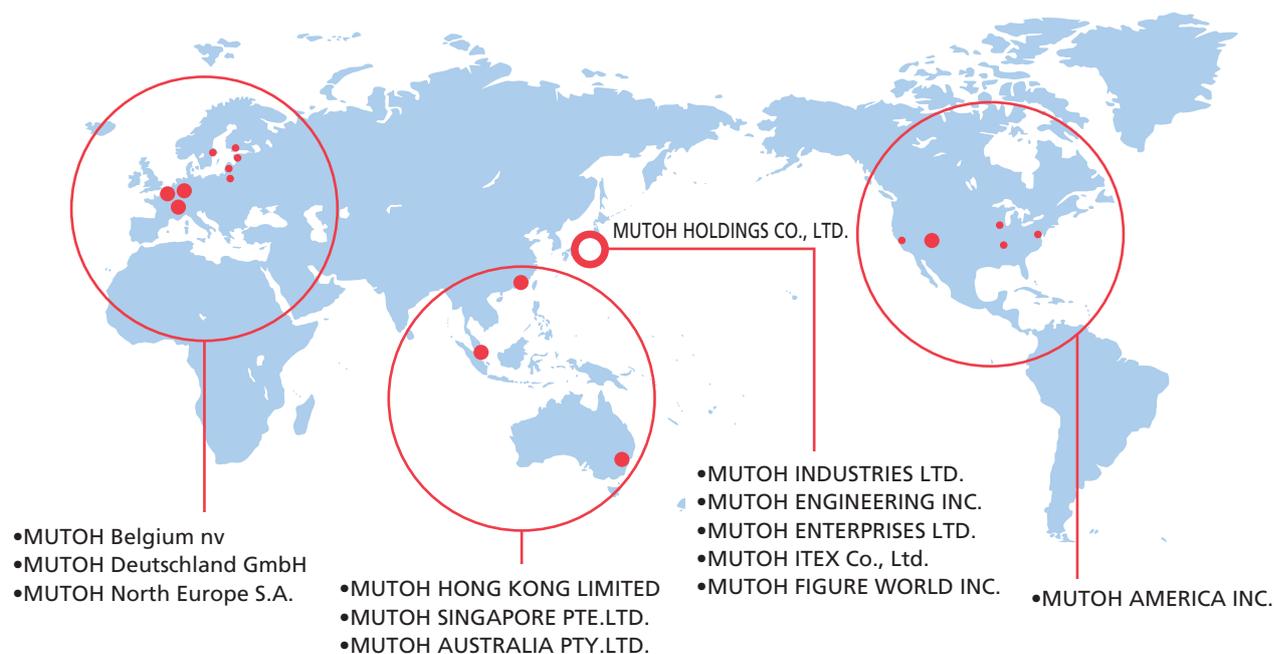
Capital stock: 10,199 million yen

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 26, 2015)

Masanori Takayama	Chairman of the Board	Hajime Tatsuzawa	Director Audit and Supervisory Committee Member
Nobumasa Hayakawa	President	Kazuyuki Kamo	Director Audit and Supervisory Committee Member
Yoichi Abe	Managing Director	Hiroshi Tobita	Director Audit and Supervisory Committee Member
Hisayoshi Aoki	Managing Director		
Masanobu Takeda	Director		
Toshihiro Sakamoto	Director		
Yoshiyuki Takayama	Director		
Yoshihiko Baba	Director		

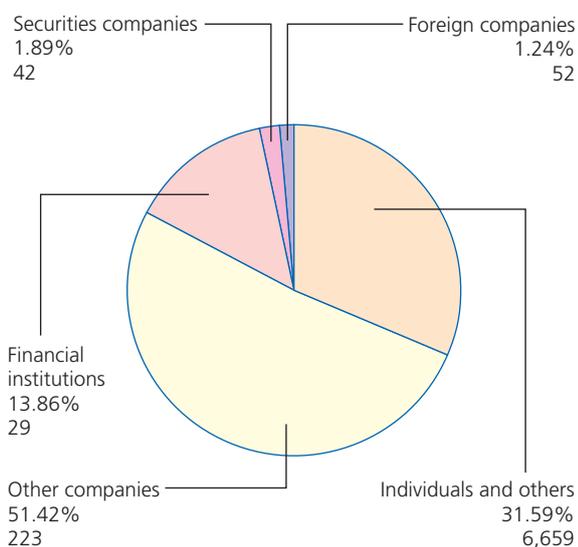
■ Number of shares issuable	170,000,000
■ Number of shares issued	54,818,180
■ Number of shares per unit	1,000
■ Number of shareholders	7,005

■ Major Shareholders

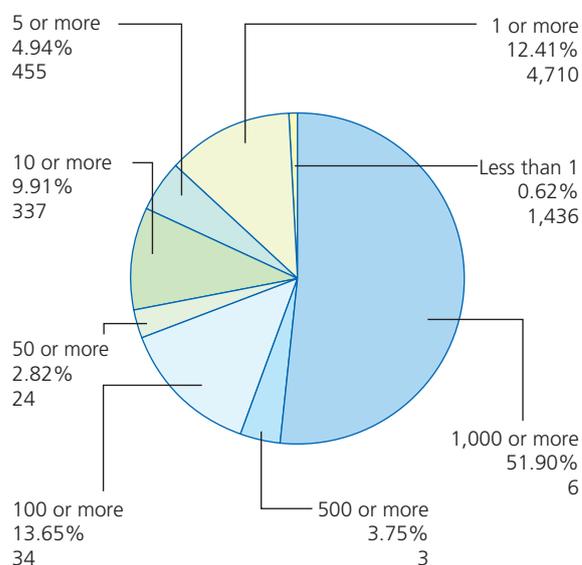
Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	13,220,000	28.81
Mizuho Bank, Ltd.	2,071,399	4.51
Eiji Mutoh	1,580,586	3.44
Sumitomo Mitsui Trust Bank, Limited	1,457,000	3.17
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,196,000	2.61
Unisystem Co., Ltd.	923,000	2.01
NTT System Development Co., Ltd.	712,000	1.55
Keiichi Hori	591,000	1.29
High-Tech System Co., Ltd.	541,000	1.18
Ikuko Mutoh	388,603	0.85

(Notes) 1. The Company holds 8,924,319 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 (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 :	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.