

66th (Fiscal Year 2014) 1st Half Financial Report

April 1 to September 30, 2014



■ 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) 1st Half Financial Report, covering the MUTOH Group's business performance and activities.

Basic Policy

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

■ Business Situation and Outcomes

In the first half of the current consolidated fiscal year, despite the sustained gradual recovery of economies in Europe and the US and high growth rates in China and other emerging countries in Asia that continued to exceed those in developed countries, the outlook of the global economy the Group operates in continued to be uncertain as there were concerns over the economic impact of political instability in Eastern Europe and the Middle East and broadening economic stagnation and signs of deflation in Europe.

Against this background, we worked to strengthen our product lineup in our core large-format inkjet printer business by introducing four new product models. Recently in October, the large-format inkjet printer "VJ-2638" of 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) in Las Vegas. The "VJ-2638" also won an award in 2012, and the "VJ-1638" of the "ValueJet" series won the award in 2013, thus "ValueJet" series products have won the award for three consecutive years, reflecting the market's extremely positive reception of MUTOH's large-format inkjet printers both in Japan and overseas.

In the 3D printer business that has gained much recent attention, efforts were made to expand the business with the sales launch of the "MF-2000", the top model of the personal 3D printer "Value3D MagiX MF-1000", shipments of which continue to exceed initial targets, and the start of the 3D dress-up figure print service "Value 3D Figure World" that is a total 3D print service solution, together with the establishment of a new subsidiary.

In addition to the efforts above, the Head Office Showroom was greatly expanded and renewed, and a new showroom was opened in Osaka as a base for communicating the MUTOH brand in western Japan. The showrooms are aimed at conducting effective PR in order to increase sales for the MUTOH Group's products and services that include its core large-format inkjet printers and plotters, MUTOH's original personal 3D printer "Value3D MagiX" series, and the professional 3D printers of 3D Systems, Inc. (US).

As a result of these factors and improvements in the MUTOH Group's operating environment, comprising a strengthened profit structure at business locations overseas and in Japan combined with the positive development in the forex environment accompanying yen depreciation, net sales stood at ¥11,467 million (up 6.0% year on year), operating income came to ¥876 million (up 33.7% year on year), and ordinary income increased to ¥928 million (up 3.0% year on year). Meanwhile, since ¥2,751 million of gain on the transfer of benefit obligation relating to employees' pension fund was recorded as extraordinary income resulting from the authorization of the transfer of benefit obligation relating to the employees' pension fund (portion of the past) by the Minister of Health, Labor and Welfare as of April 1, 2014, net income of ¥2,443 million (up 313.3% year on year) was recorded.

Going forward, the MUTOH Group will deploy aggressive business strategies aimed at further improving its business performance.

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

Consolidated Financial Highlights

○ Consolidated net sales	¥11,467 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	20,441million	64 th (FY2012) period:	17,982million
65 th (FY2013) period:	23,115million		
1 st Half	10,579million	8,690million	10,813million

○ Consolidated operating income	¥876 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	653million	64 th (FY2012) period:	140million
65 th (FY2013) period:	1,630million		
1 st Half	463million	34million	655million

○ Consolidated ordinary income (loss)	¥928 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	1,306million	64 th (FY2012) period:	715million
65 th (FY2013) period:	2,014million		
1 st Half	680million	(187)million	901million

○ Consolidated net income (loss)	¥2,443 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	(425)million	64 th (FY2012) period:	261million
65 th (FY2013) period:	2,399million		
1 st Half	(297)million	(317)million	591million

○ Consolidated gross assets	¥33,059 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	27,028million	64 th (FY2012) period:	27,363million
65 th (FY2013) period:	32,953million		

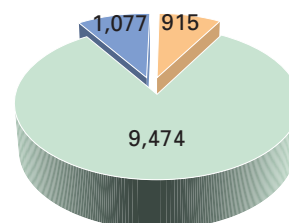
○ Consolidated net assets	¥24,682 million		
66 th (FY2014) 1 st Half period:			
63 rd (FY2011) period:	18,601million	64 th (FY2012) period:	19,170million
65 th (FY2013) period:	21,446million		

1st Half results Business Segment Net Sales (Millions of yen)

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

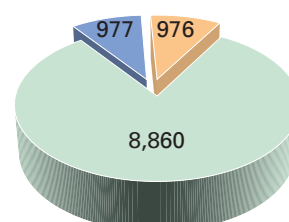
● 66th (FY2014) period:

¥11,467 million



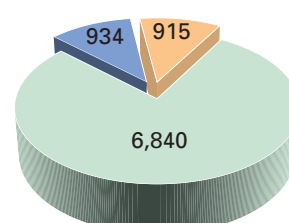
● 65th (FY2013) period:

¥10,813 million



● 64th (FY2012) period:

¥8,690 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	25,000	1,000	1,000	2,500

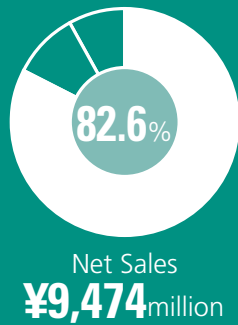
Figures announced on May 15, 2014.

As we enter the third quarter of the current consolidated fiscal year, there is increasing uncertainty regarding the global economy as typified by significant fluctuations in stock prices and exchange rates and a somewhat weak economic climate affecting the MUTOH Group's operating environment, combined with many uncertainties that could have an impact on business performance, including concerns over increasing costs of raw materials. As a result, it is difficult to make reasonable performance estimates at this point in time.

Therefore, although the full-year forecasts released on May 15, 2014 will be maintained for the time being, should changes be required for the forecasts as these factors become clear in the future, we will make prompt disclosures as needed.

Overview of Business Segments

Imaging & Information Equipment Business

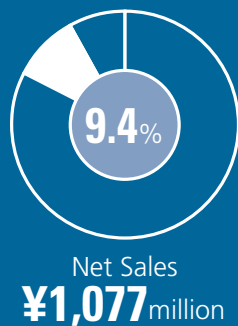


In Asia, despite the impact of the consumption tax rate hike in Japan, due to factors such as strong sales to China and other emerging Asian countries, net sales and segment profit stood at ¥4,126 million (up 0.8% year on year) and ¥421 million (down 6.6% year on year), respectively.

In North America, due to factors such as aggressive sales activities including Latin America and the effect of yen depreciation, net sales and segment profit stood at ¥1,791 million (up 8.0% year on year) and ¥136 million (up 66.5% year on year), respectively.

In Europe, due to factors such as aggressive sales activities and the effect of yen depreciation, net sales and segment profit stood at ¥3,556 million (up 14.5% year on year) and ¥356 million (up 132.3% year on year), respectively.

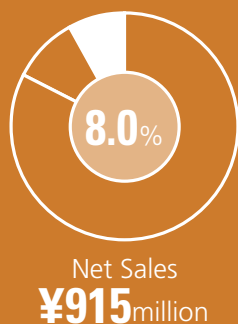
Information Service Business



In the Information Service Business, thanks to factors including ongoing efforts to strengthen sales capabilities, net sales and segment profit stood at ¥1,077 million (up 10.3% year on year) and ¥52 million (down 3.7% year on year), respectively.

In addition, efforts were made to expand this business including entry into the consumer market through the establishment of a subsidiary engaged in a 3D dress-up figure print service.

Real-Estate Leasing Business and Other Businesses



In the Real-Estate Leasing Business, due to a switchover to internal Group use for some real estate, net sales and segment profit stood at ¥132 million (down 22.2% year on year) and ¥71 million (down 38.6% year on year), respectively.

In the Other Business, as a result of weak consumer spending following the consumption tax rate hike, net sales stood at ¥783 million (down 2.8% year on year) and segment loss of ¥12 million was recorded (an improvement of ¥42 million compared with the same period last fiscal year).

"VJ-628" born as an attractive A1-size entry-level inkjet printer using Eco-Sol ink

"VJ-628" is an entry-level inkjet printer with a compact A1-size body that fits on a desktop and uses Eco-Sol ink that achieves both high weathering resistance and almost no odor.

The main features are as follows.

- ◆ Eco-Sol ink model with an A1-size that can be installed regardless of space availability
- ◆ Two types of ink combinations available: four-color (C/M/Y/K) and six-color (C/M/Y/K/Lc/Lm)
- ◆ Makes printing easy for both indoor and outdoor applications such as pop-out materials, various signs, and informational signs
- ◆ Equipped with standard Windows printer driver that makes it easy to print from Office software
- ◆ Printer can be operated from your PC using the standard-equipped remote panel software
- ◆ Stickers and labels can be created efficiently in combination with the cutting plotter



"VJ-628"
Inkjet printer using Eco-Sol ink
(Installation with the optional stand)

Windows 8.1 support for "Drafting Tool PHOTO EXPERT" that allows simple conversion of designer images into plans



● User interface focused on practical use

"Drafting Tool PHOTO EXPERT" is a design drafting tool for quickly preparing plans through direct capture using a scanner for cases such as when you want to modify part of an existing plan and reuse it, when it is bothersome to create a building frame plan from plan, when you want to measure area and distance from a plan, or to create directions or instructions from plans. In addition, this software can be used for creating technical materials and presentation materials, enabling broad application for in-house use.

Easy-to-understand instructions on the next step

Commands displayed as icons that can be carried out with one click

Display of command being carried out



Layout of frequently used commands

Possible to open different plans with no limitations

Display of mouse position

Finoa "FRESH BALL" deodorizing air freshener Renewed release of seven patterns

"FRESH BALL" is a ball-shaped deodorizing air freshener that eliminates unpleasant odors and freshens surroundings with a minty aroma. We have recently renewed the product packaging and released seven patterns.

The main features are as follows.

- ◆ Multi-purpose deodorizing for sports shoes, gym bags, locker rooms, etc.
- ◆ Replaces unpleasant sweat odors with a fresh and clean scent
- ◆ The air freshener is made of plastic and set deep inside the ball
- ◆ The scent lasts for three straight months after opening the package
- ◆ It can be used anywhere with unpleasant odors, including inside the car, drawers, or luggage



"FRESH BALL"



Volleyball



Soccer



Tennis



Baseball



Clear Pink



Clear Blue



Basketball

Renewal opening of the MUTOH Head Office Showroom Exhibition ranges from personal 3D printers to metal-forming 3D printers



Head Office Showroom
3D printer area

The Head Office Showroom has been expanded accompanying a significant increase in the number of 3D printer-related products handled by MUTOH.

The floor area has been expanded by 1.5 times to approximately 330 square meters. Customers are welcomed to this showroom, one of the largest of its type in Japan, with an area displaying the large-format inkjet printers and plotters of MUTOH INDUSTRIES and a 3D printer area displaying a product lineup ranging from the personal 3D printer "Value3D MagiX" series (MUTOH ENGINEERING INC.) to professional 3D printers for applications including metal forming (3D Systems, Inc.).



"MF-1000"
Personal 3D printer
MUTOH's original 3D
printer with Japanese
language software



"ProX 200"
Direct metal printing
3D printer

Direct forming with
high precision of parts
with complex shapes
using metal or ceramic
materials



**Winner of "PRODUCT OF THE YEAR" award
for three consecutive years
at the SGIA Expo 2014 in America**



At the SGIA (Specialty Graphic Imaging Association) Expo (the industry's largest exhibition in the US) that was held in Las Vegas from October 22 to 24, MUTOH's large-format inkjet printer "VJ-2638" won the **"PRODUCT OF THE YEAR"** award

in the Solvent/Latex Ink category for the second time following 2012, with the "VJ-1638" printer winning the award in 2013.

**Thus, MUTOH's inkjet printer "ValueJet" series
has won the award for three consecutive years!**

This historic and outstanding achievement of winning the award for three consecutive years proves the high performance and high quality of the MUTOH "ValueJet" series.



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



First 3D dress-up figure print service in Japan! "Value 3D Figure World"

The 3D printer entertainment offering "Value 3D Figure World" is the first 3D dress-up figure print service in Japan that allows users to make 3D figures using their own face.

MUTOH FIGURE WORLD INC. was established in June 2014 as a subsidiary engaged in this service.

Through this subsidiary, MUTOH will provide a total solution business ranging from 3D scans to print output and aggressively develop the consumer market through efforts including events held at large commercial facilities, shopping malls, and department stores, and the expansion of the "Mutoh Figure World Chain."

(Notes) This business is only in Japan.



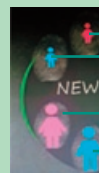
Value 3D Figure World

For the 3D costume and hairstyle forms, 3D designs will be produced based on the region and location in response to the needs of customers.

3D dress-up figure print service

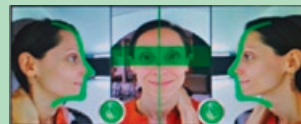


The customer's face is imported using a high-speed 3D scanner. The customer then selects costumes and hairstyles according to their preference, and a 3D figure is produced.



Girl
Boy
NEW
Woman
Man

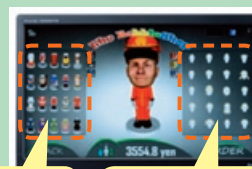
The customer type is selected from the display menu.



The customer's face is photographed.



The customer's face is configured in about 10 seconds using the high-speed 3D scanner.



Customers can enjoy making 3D dress-up figures by selecting various hairstyles and costumes from the touch screen. Once an order is placed, a 3D figure is formed by a full-color 3D printer and delivered to the customer.

Various costumes can be selected with one touch.

Various hair types/ colors, hats, etc. can also be selected with one touch.

Consolidated 1st Half Financial Statements

■ Consolidated Balance Sheets

(Millions of yen)

(Millions of yen)

Account	Period	As of September 30, 2014	As of September 30, 2013	As of March 31, 2014
Assets				
Current assets		21,432	17,917	20,350
Cash and bank deposits		9,862	8,991	9,730
Notes and accounts receivable		3,759	3,837	4,832
Inventories		5,923	3,962	4,225
Others		1,887	1,126	1,562
Fixed assets		11,626	11,453	12,603
Tangible fixed assets		8,398	8,419	8,499
Intangible fixed assets		174	189	173
Investments and other assets		3,053	2,844	3,930
Investment securities		2,484	2,332	1,997
Others		568	511	1,933
Total assets		33,059	29,370	32,953

Account	Period	As of September 30, 2014	As of September 30, 2013	As of March 31, 2014
Liabilities				
Current liabilities		6,246	4,979	5,949
Notes and accounts payable		4,038	3,060	3,512
Others		2,207	1,919	2,436
Non current liabilities		2,131	4,194	5,557
Allowance for retirement benefits		—	3,674	—
Debt for retirement benefits		1,608	—	5,049
Others		522	519	507
Total liabilities		8,377	9,174	11,506
Net assets				
Shareholders' equity		24,970	20,930	22,731
Capital stock		10,199	10,199	10,199
Capital surplus		4,182	4,181	4,181
Retained earnings		12,925	8,876	10,684
Treasury stock		(2,336)	(2,326)	(2,334)
Total other cumulative comprehensive income		(1,183)	(1,436)	(2,011)
Minority interests		895	702	727
Total net assets		24,682	20,196	21,446
Total liabilities and net assets		33,059	29,370	32,953

■ Consolidated statements of income

(Millions of yen)

Account	Period	1st Halr period ended September 30, 2014	1st Halr period ended September 30, 2013	Year ended March 31, 2014
Net sales		11,467	10,813	23,115
Operating income		876	655	1,630
Ordinary income		928	901	2,014
Income before income taxes and minority interests		3,696	911	2,100
Net income		2,443	591	2,399

■ Consolidated statements of cash flows

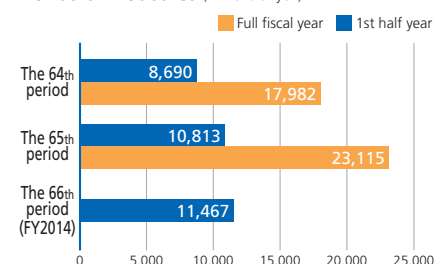
(Millions of yen)

Account	Period	1st Halr period ended September 30, 2014	1st Halr period ended September 30, 2013	Year ended March 31, 2014
Net cash from operating activities		377	1,505	2,034
Net cash from investing activities		(157)	203	204
Net cash from financing activities		(106)	(143)	(155)
Net increase (decrease) in cash and cash equivalents		132	1,824	2,563
Cash and cash equivalents at beginning of period		9,730	7,166	7,166
Cash and cash equivalents at end of period		9,862	8,991	9,730

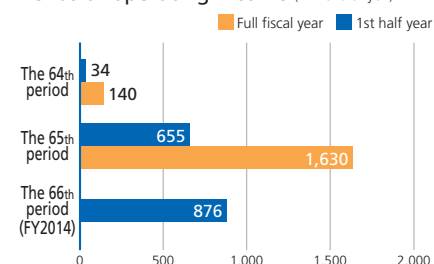
■ Consolidated subsidiaries in each business segment

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.

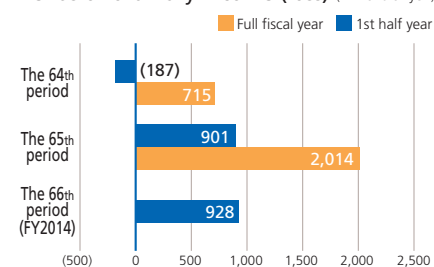
Trends of net sales (Millions of yen)



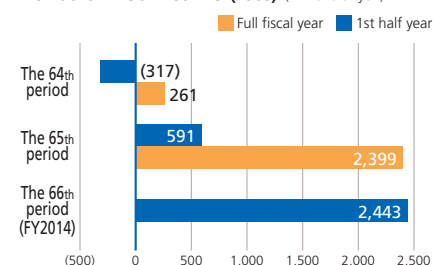
Trends of operating income (Millions of yen)



Trends of ordinary income (loss) (Millions of yen)



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



Name: MUTOH HOLDINGS CO., LTD.

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

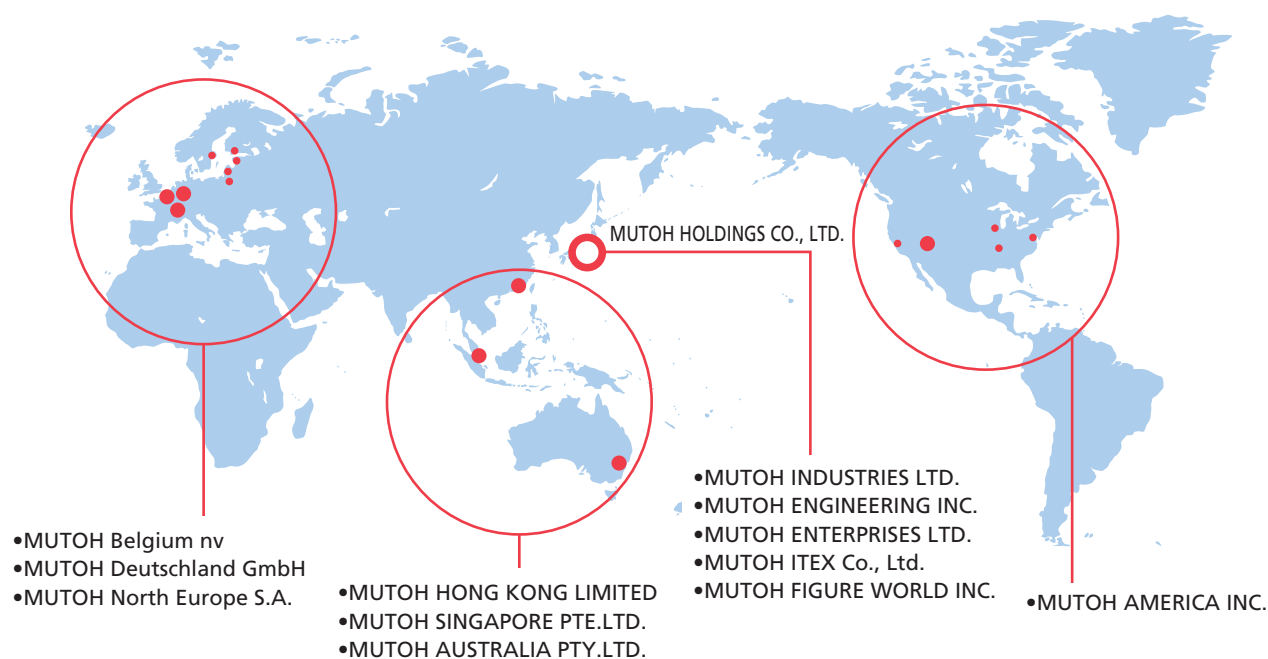
Capital stock: 10,199 million yen

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



(Notes) MUTOH FIGURE WORLD INC. was established in June 2014.

■ Directors (As of September 30, 2014)

Masanori Takayama	Chairman of the Board	Hajime Tatsuzawa	Full-time Corporate Auditor
Nobumasa Hayakawa	President	Toshio Ishida	Corporate Auditor
Yoichi Abe	Managing Director	Nobuaki Kunimine	Corporate Auditor
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	5,436

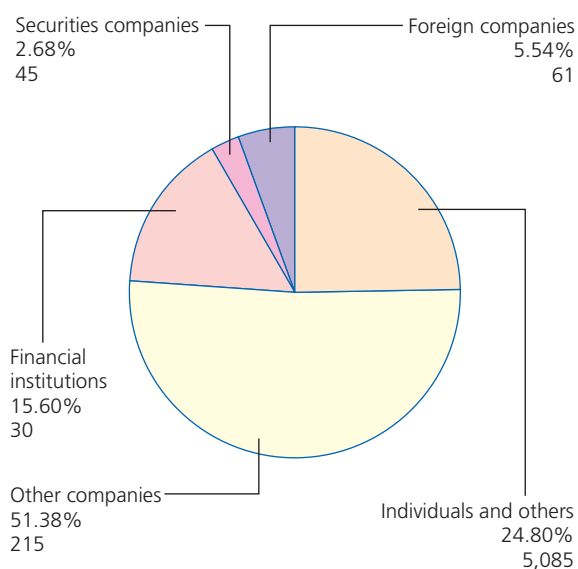
■ Major Shareholders

Name	Number of Shares Held (Shares)	Ratio of Shareholding (%)
TCS Holdings Co., Ltd.	13,220,000	28.80
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
NTT System Development Co., Ltd.	712,000	1.55
State Street Bank and Trust Company	653,000	1.42
Japan Trustee Services Bank, Ltd. (Trust Account 9)	617,000	1.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	596,000	1.30
Keiichi Hori	591,000	1.29

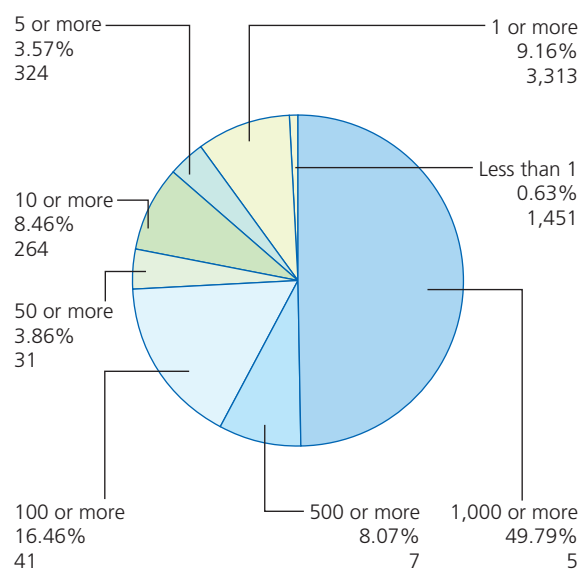
(Notes) 1. The Company holds 8,914,742 shares of treasury stock, which is excluded from the major shareholders listed above.

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
Mailing 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.