

58th (Fiscal Year 2006) Financial Report

April 1, 2006 to March 31, 2007

MUTOH HOLDINGS CO., LTD.

(Former name: MUTOH INDUSTRIES LTD.)

TSE securities code: 7999

Aiming to bolster the creativity of people and enterprises

It is human creativity that evolves lifestyles, industries and the society. MUTOH's mission is to offer products and services that increase the creativity of people and enterprises.

As a company that has been working with professionals in manufacturing, MUTOH will contribute to the creation of new value from its unique perspective.

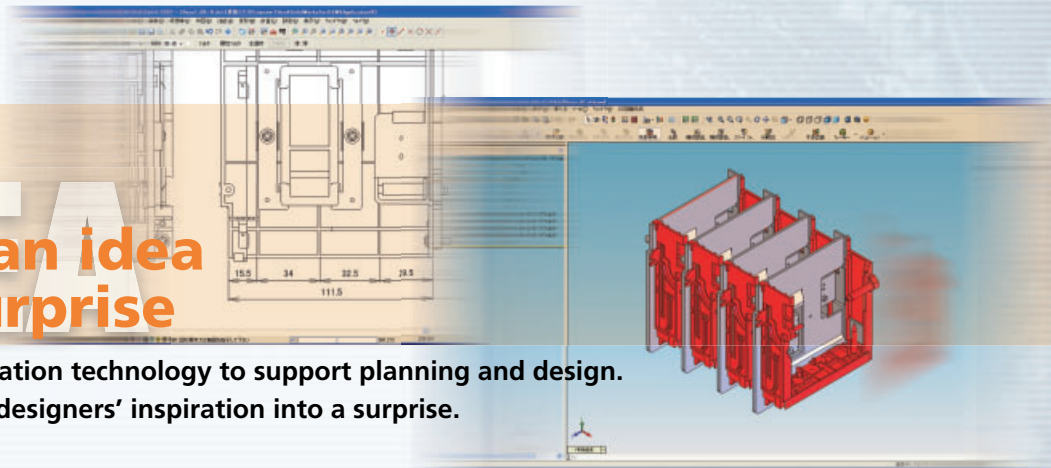


Making inspiration into excitement

MUTOH helps designers express their ideas in high resolution and in a vivid form. MUTOH expands excitement.

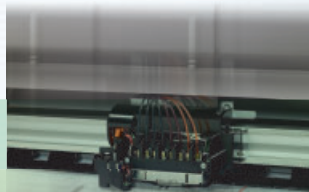
Making an idea into a surprise

MUTOH uses information technology to support planning and design. MUTOH transforms designers' inspiration into a surprise.



Making an image into a common language

MUTOH communicates the concepts of designers in a common language: drawings. MUTOH leads with a passion for manufacturing.



MUTOH HOLDINGS Is Born.

Supporting today's business challenges with constant innovations, sustained initiative and social contributions.

MUTOH INDUSTRIES LTD. changed its name from MUTOH INDUSTRIES LTD. to MUTOH HOLDINGS CO., LTD. on April 1, 2007, acknowledging its fresh start as a holding company. Its core businesses, imaging and information business and information service business, were transferred to a new company, MUTOH INDUSTRIES LTD.

As a listed company, MUTOH HOLDINGS CO., LTD. takes on an exciting new role as the leader of a dynamic corporate group with a forward-looking management.

The markets in which MUTOH does business are in the midst of an enormous transformation, driven by rapid technological innovation. Customers are demanding optimal solutions with the greatest possible amount of added value. With its new holding-company structure, MUTOH is confident that it can bolster and expand the value of its brand.

MUTOH HOLDINGS CO., LTD. looks forward to optimizing the use of management resources through group strategy, streamlining decision-making processes for a fast-changing market and reinforcing corporate governance. Each MUTOH Group company will focus on its area of specialization to maximize synergy and focus on building shareholder value.

Supported by this new management structure, MUTOH will continue to be innovative and reinvent itself and embrace fresh challenges to contribute to the society in which it does business.

At such an exciting moment in its history, the directors of the MUTOH Group ask shareholders, customers, business partners and employees for their renewed support and encouragement.



Toshiaki Sato, President
MUTOH HOLDINGS CO., LTD.

Consolidated Financial Highlights

We are pleased to bring you the financial report for the 58th fiscal year.

To respond to intensifying competition in Japan and overseas and with a trend towards lower prices, the MUTOH Group worked to streamline group operations, form business partnerships and carry out an aggressive management strategy. Specifically, our efforts include the release of cost effective products, revisions made to the Group's sales structure and the integration of corporate groups.

Consolidated net sales climbed 0.5% from the previous fiscal year, to ¥28,752 million, with the merger of a subsidiary and an affiliated company engaged chiefly in software development contracting and the impact of the foreign exchange rates in overseas markets.

With regard to profits and losses, we launched up the introduction of cost effective products to the large-format graphic printer market, combined with sales factors, it improved our ability to generate profits. Consolidated ordinary income soared 39.6% from the previous fiscal year, to ¥2,068 million. With ¥39 million in expenses in connection with the switch to the holding company structure and an ¥83 million impairment loss on fixed assets posted as extraordinary losses, the Group improved its consolidated net income by ¥2,055 million from the previous fiscal year, to ¥1,073 million.

However, we regret to announce that we have decided not to pay a dividend this term, as we will be allocating the entire surplus to internal reserves to bolster our financial standing in consideration of future business circumstances. We ask our shareholders for your understanding.

Highlights of the Consolidated Accounts

○ Net sales

58th (FY2006) period: **¥ 28,752** million

55th (FY2003) period: **¥26,501**million 56th (FY2004) period: **¥28,974**million 57th (FY2005) period: **¥28,612**million

○ Ordinary income

58th (FY2006) period: **¥ 2,068** million

55th (FY2003) period: **¥1,049**million 56th (FY2004) period: **¥1,416**million 57th (FY2005) period: **¥1,481**million

○ Net income

58th (FY2006) period: **¥ 1,073** million

55th (FY2003) period: **¥622**million 56th (FY2004) period: **¥690**million 57th (FY2005) period: **(¥982)**million

○ Assets

58th (FY2006) period: **¥ 29,723** million

55th (FY2003) period: **¥28,532**million 56th (FY2004) period: **¥29,464**million 57th (FY2005) period: **¥27,683**million

○ Net assets

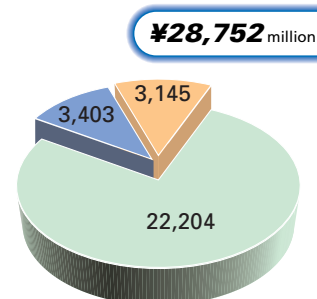
58th (FY2006) period: **¥ 18,744** million

55th (FY2003) period: **¥17,386**million 56th (FY2004) period: **¥18,262**million 57th (FY2005) period: **¥17,529**million

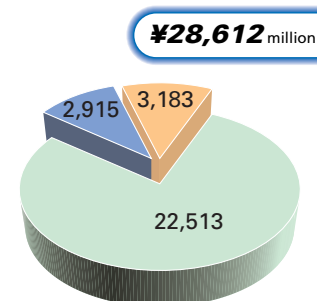
Segment Information Sales

- Imaging & Information Business
- Information Service Business
- Other Business Activities

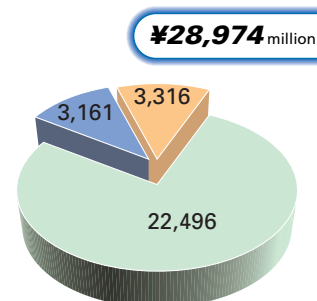
● 58th (FY2006) period:



● 57th (FY2005) period:



● 56th (FY2004) period:



CONTENTS

Message from the President	1
Consolidated Financial Highlights	2
Topics	3
Overview of Business Segments	
Imaging & Information Business	4
Information Service Business /	
Other Business	5
Financial Statements	
Consolidated Financial Statements	6
Non-consolidated Financial Statements	8
Company Profile / Directors / Stock	
Information	9

Forecast of results for the next fiscal year

	Millions of yen			
	Net sales	Operating income	Ordinary income	Net income
Forecast of consolidated business results	29,500	2,100	2,100	1,100

In the imaging & information business, the MUTOH Group's products are subject to downward price trends and intensifying competition in the market. This segment will continue to endeavor to develop and release large-format inkjet printers with high performance and value while the information service business will be taking steps to expand its own branded CAD software with good profitability.

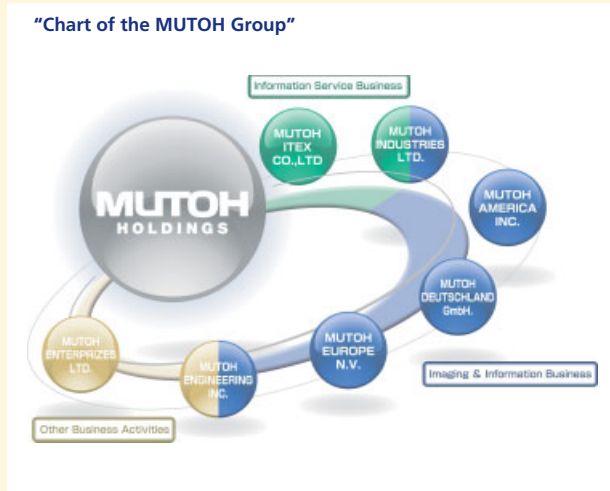
Introduction to MUTOH's New Symbol Graphics

"Mutoh Earth"



The main concept of the new graphics is creation, which is central to our corporate activities. The radiating light represents the new MUTOH HOLDINGS and its aggressive stance in group management. The shining earth symbolizes global expansion of the MUTOH Group. The MUTOH Group will be committed to increasing customer satisfaction as well as corporate value. Ever-shining MUTOH Earth embodies the future vision of MUTOH HOLDINGS.

"Chart of the MUTOH Group"



Centered on MUTOH HOLDINGS responsible for business strategies, the MUTOH Group has seven business companies engaged in providing best suited proposals and highest value. In the above chart, group companies are color-coded by business segment so that their business operations may be easy to understand.

Notice of relocation of headquarters

For the purposes of streamlining office operations and strengthening the group management, the headquarters was moved in April 2007.

New address: No.5 TOC Building, 21-1, Nishi-Gotanda, 7-chome, Shinagawa-ku, Tokyo 141-8683
Phones: MUTOH HOLDINGS 03-5740-8700
 MUTOH Industries 03-5740-7000

To give customers in Japan and abroad the opportunity to experience the look and feel of MUTOH products...



Image Photo

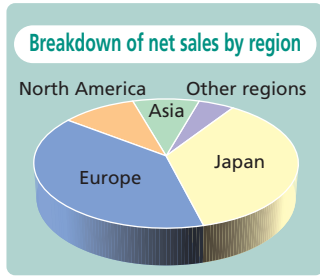
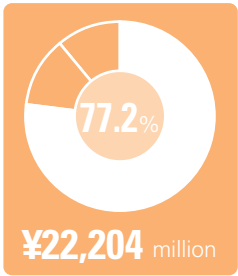
Headquarters showroom

The showroom is full of liveliness today, as usual.

At the showroom, you can watch some printers working to get a real feel of the top quality of MUTOH products.

Map

From Gotanda Station on JR Lines or Toei Asakusa Line, 8-minute walk.
 From Fudomae Station on Tokyu Meguro Line, 6-minute walk.
 From Osaki Hirokoji Station on Tokyu Ikegami Line, 6-minute walk.

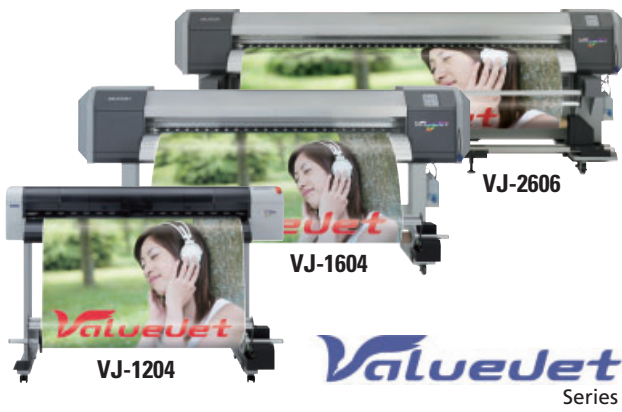


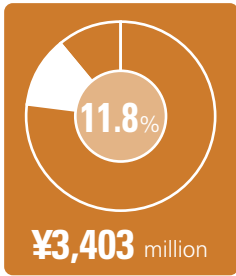
Overview

Centering on large-format inkjet printers, this business segment launched a new line of graphic printers with high value performance in the face of falling prices, following intensifying competition.

Despite healthy sales in overseas markets, slumping performance in the Japanese market led to a 1.4% decrease from the previous fiscal year in net sales, to ¥22,204 million. Operating income rose a substantial 85.2% from the previous fiscal year, to ¥1,640 million. This is thanks primarily to the effect of new products and the influence of foreign exchange rates.

Both indoors and outdoors, MUTOH's printing technology attracts people's attention at every corner of the globe.





Overview

MUTOH's CAD software operations added new 3D software to the M-Draf Series of profitable Mutoh-brand software solutions for manufacturers to actively improve their profit earning capability. To further streamline the solution business, the MUTOH Group merged a subsidiary and an affiliated company, both of which engaged mainly in software development contracting. As a result, net sales were up 16.7% from the previous fiscal year, to ¥3,403 million, and operating income also up 7.3% from the previous fiscal year, to ¥26 million.

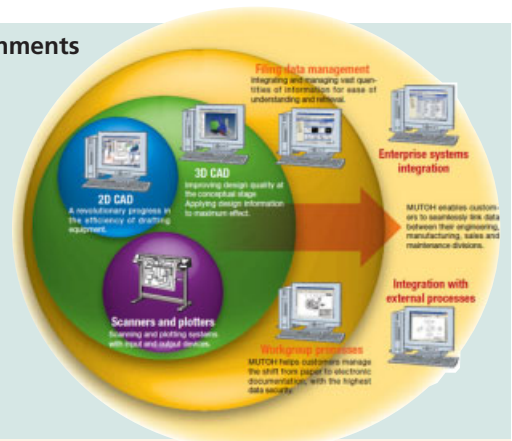
Providing solutions that really work, that satisfy customers' needs and that bring them lasting value.



As a manufacturer, we listen to designers and manufacturing workers from the same perspective, as they have to offer IT solutions that really improve customers' work efficiency.

• Providing total solutions that increase the efficiency of design environments on the basis of integration between 2D and 3D CAD

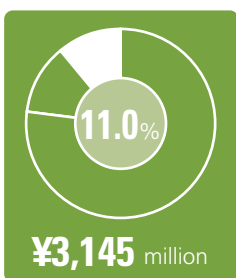
- A middle-range 3D CAD tool**
 Supports upstream design operations in engineering.
- A middle-range versatile 2D CAD tool**
 Is a design and drafting tool compliant with the domestic general rules for drawings and suited to designers' practical operations.
- A low-cost 2D CAD tool for implementation design**
 Is a perfect drafting tool for implementation design, sales and manufacturing.
- An integrated 2D and 3D package (composed of M-Draft 3D and M-Draf Spirit)**
 Supports seamless data linkage to 2D drawings.



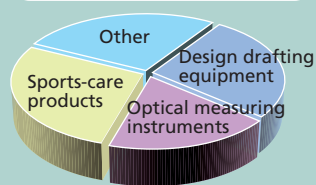
• Ensuring seamless group sharing of design data to improve operations and to strongly support business growth.

- Performs comprehensive management of drawing data.**
 From hand-drafted drawings to CAD data
- Supports data relations.**
 Comes with a browser viewer as standard.
- Authentication workflow software**
 Supports the work group process.
- Multi-purpose raster drafting software**
 Offers powerful support for the shift from paper drawings to digital ones
- DXF/DWG conversion support software**
 Supports operation of DXF data from various angles

Other Business



Net sales ratio by operation



Overview

Other business consists of stable operations such as design-drafting equipment, optical measuring instruments, sports-care products and retail outlets selling products such as books and stationery. Net sales in this segment declined 1.2% over the previous fiscal year, to ¥3,145 million, while operating income attained a 14.2% from the previous fiscal year ¥272 million, as a result of curtailing sales expenses and making other efforts.

■ Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006
Assets		
Current assets	17,939	18,814
Cash and bank deposits	5,819	7,192
Notes and accounts receivable	6,574	6,764
Inventories	4,612	4,514
Others	932	343
Fixed assets	11,783	8,869
Tangible fixed assets	9,866	6,977
Intangible fixed assets	180	144
Investments and other assets	1,736	1,747
Investment securities	1,015	1,181
Others	721	566
Total assets	29,723	27,683

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006
Liabilities		
Current liabilities	6,712	6,488
Notes and accounts payable	4,034	4,179
Short-term bank loans and current portion of long-term debt	82	147
Others	2,595	2,162
Long-term liabilities	4,266	3,665
Long-term debt	1,125	1,352
Others	3,141	2,312
Total liabilities	10,978	10,154
Minority interests		
Minority interests	—	—
Shareholders' equity		
Common stock	—	10,199
Capital surplus	—	4,592
Retained earnings	—	3,980
Unrealized gains (losses) on other securities, net	—	388
Foreign currency translation adjustments	—	(993)
Treasury stock	—	(638)
Total shareholders' equity	—	17,529
Total liabilities, minority interests and shareholders' equity	—	27,683
Net assets		
Shareholders' equity	18,733	—
Common stock	10,199	—
Capital surplus	4,182	—
Retained earnings	5,437	—
Treasury stock	(1,084)	—
Valuation and translation adjustments	(310)	—
Minority interests	320	—
Total net assets	18,744	—
Total liabilities and net assets	29,723	—

Consolidated Statement of Changes in Net Assets

In accordance with the new Corporation Law enforced in May 1, 2006, the Statement of Changes in Net Assets has been newly established. The Net Assets Section newly established in the balance sheets has been created to report on the reasons and amounts of changes to each item under Shareholders' Equity, which refers to the portion primarily attributed to shareholders.

■ Consolidated Statement of Changes in Net Assets (From April 1, 2006 to March 31, 2007)

(Millions of yen)

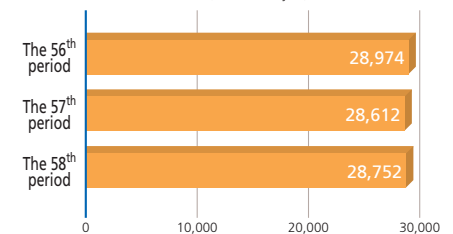
	Shareholders' equity					Valuation and translation adjustments	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance as of March 31, 2006	10,199	4,592	3,980	(638)	18,134	(605)	—	17,529
Changes during the period								
Reversal for capital surplus		(410)	410		—			—
Decrease in retained earnings due to exclusion from the equity method			(27)		(27)			(27)
Net income			1,073		1,073			1,073
Acquisition of treasury stock				(446)	(446)			(446)
Disposal of treasury stock		0		0	0			0
Net changes of items other than shareholders' equity during the period						294	320	615
Total changes during the period	—	(410)	1,456	(446)	599	294	320	1,214
Balance as of March 31, 2007	10,199	4,182	5,437	(1,084)	18,733	(310)	320	18,744

Consolidated statements of income

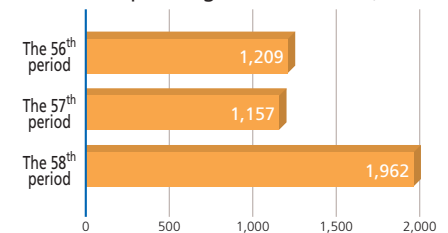
(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2006
Ordinary income or loss		
Net sales	28,752	28,612
Operating income	1,962	1,157
Ordinary income	2,068	1,481
Extraordinary income or loss		
Income (loss) before income taxes and minority interests	1,901	(504)
Net income (loss)	1,073	(982)

Trends of net sales (Millions of yen)



Trends of operating income (Millions of yen)

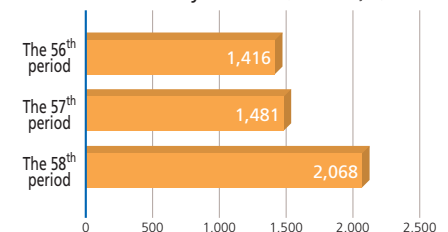


Consolidated statements of cash flows

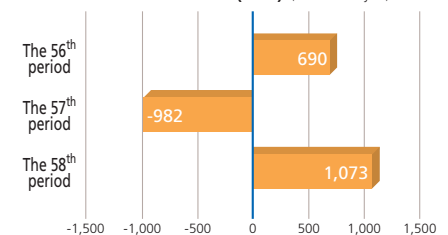
(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2006
Net cash from operating activities	1,912	1,845
Net cash from investing activities	(2,743)	(133)
Net cash from financing activities	(796)	(1,692)
Effect of exchange rate changes on cash and cash equivalents	200	38
Net increase (decrease) in cash and cash equivalents	(1,426)	58
Cash and cash equivalents at beginning of period	7,192	7,133
Increase (decrease) in cash and cash equivalents due to merger of consolidated subsidiaries	53	—
Cash and cash equivalents at end of period	5,819	7,192

Trends of ordinary income (Millions of yen)



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



Consolidated subsidiaries in each business segment

Business segment	Company names () are equity method affiliates.
Imaging & Information Business	MUTOH INDUSTRIES CO., LTD., MUTOH ENGINEERING INC., MUTOH EUROPE N.V., MUTOH DEUTSCHLAND GmbH, MUTOH AMERICA INC., (COSMO CO., LTD.)
Information Service Business	MUTOH INDUSTRIES CO., LTD., MUTOH ITEX CO., LTD., (Mutoh Mechatronics Co., Ltd.), (DIGITAL MATRIX, INC.)
Other Business	MUTOH ENGINEERING INC., MUTOH ENTERPRISES LTD.

Non-consolidated Financial Statements

■ Non-consolidated balance sheets

(Millions of yen)

	As of March 31, 2007	As of March 31, 2006
Assets		
Current assets	9,512	12,022
Fixed assets	10,094	9,153
Tangible fixed assets	5,013	5,161
Intangible fixed assets	139	117
Investments and other assets	4,942	3,874
Total assets	19,607	21,176
Liabilities		
Current liabilities	3,943	4,217
Long-term liabilities	1,758	2,825
Total liabilities	5,702	7,043
Shareholders' equity		
Common stock	—	10,199
Capital surplus	—	4,592
Retained earnings	—	(410)
Unrealized gains (losses) on other securities, net	—	385
Treasury stock	—	(634)
Total shareholders' equity	—	14,132
Total liabilities and shareholders' equity	—	21,176

■ Non-consolidated Statements of Income

(Millions of yen)

	Year ended March 31, 2007	Year ended March 31, 2006
Ordinary income or loss		
Net sales	15,100	16,712
Operating income (loss)	71	(239)
Ordinary income	413	280
Extraordinary income or loss		
Income (loss) before income taxes and minority interests	297	(723)
Net income (loss)	322	(832)
Unappropriated income (loss)	—	(410)
Net assets		
Shareholders' equity	13,622	—
Common stock	10,199	—
Capital surplus	4,182	—
Retained earnings	322	—
Treasury stock	(1,081)	—
Valuation and translation adjustments	282	—
Total net assets	13,904	—
Total liabilities and net assets	19,607	—

■ Non-consolidated Statement of Changes in Net Assets

(From April 1, 2006 to March 31, 2007)

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance as of March 31, 2006	10,199	4,592	(410)	(634)	13,746	385	14,132
Changes during the period							
Reversal for capital surplus (Note)		(410)	410		—		—
Net income			322		322		322
Acquisition of treasury stock				(446)	(446)		(446)
Disposal of treasury stock		0		0	0		0
Net changes of items other than shareholders' equity during the period						(103)	(103)
Total changes during the period	—	(410)	733	(446)	(124)	(103)	(227)
Balance as of March 31, 2007	10,199	4,182	322	(1,081)	13,622	282	13,904

Note: This is the item of disposition at our annual shareholders meeting held in June 2006

Company Profile (As of April 1, 2007)

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: 03-5740-8700
Fax: 03-5740-8710

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

Main business:

- Management of the Group companies
- Assets management of the Group companies
- Others

Main business activities of the Group:

- Imaging & Information segment
 - Large format inkjet printers for computer aided design (CAD) and graphics applications
 - CAD Plotters

- Pencils/Pens plotters
- Cutting plotters
- Image scanners
- Repair and maintenance for the above products
- Information services (CAD/CAM) segment
 - 2D-CAD, 3D-CAD and related software
 - System integration services
- Other businesses segment
 - Design-drafting equipments and optical measuring instruments
 - Sport-care products
 - Retails outlets for books, stationeries, etc.
 - Others

Directors (As of June 28, 2007)

Masanori Takayama	Chairman of the Board	Akihide Kobayashi	Full-time Auditor
Toshiaki Sato	President	Yasunori Tokunou	Auditor
Nobumasa Hayakawa	Director	Tadanori Mitsuhashi	Auditor
Arthur Vanhoutte	Director		
Zentaro Maekawa	Director		

Stock information (As of March 31, 2007)

■ Number of shares issuable 170,000,000

■ Number of shares issued 54,818,180

■ Number of shares per unit 1,000

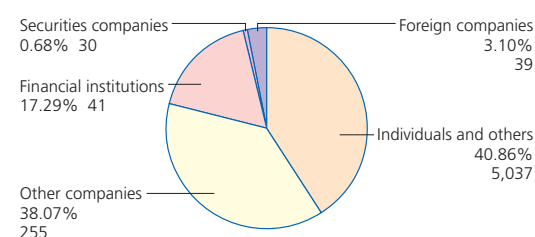
■ Number of shareholders 5,402

■ Shareholders who holds greater than 10% of the total number of shares issued

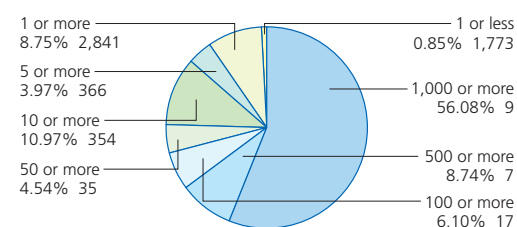
Shareholders	Units held	Percentage of voting rights
TCS HOLDINGS CO., LTD.	13,200	26.0

Note: Above Percentage of voting rights is calculated exclusively the treasury stock (4,242,310 shares).

■ 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
Interim Dividend Record Date:	September 30
Public Notices:	Public notices shall be made on the Company's website (http://www.mutoh-hd.co.jp). *In case the public notices is not available on the Company's website due to unavoidable reasons, such notices shall be made on the Nihon Keizai Shinbun
Administrator of Shareholders Register:	The Chuo Mitsui Trust and Banking Company, Ltd. 33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan
Business Location:	The Chuo Mitsui Trust and Banking Company, Limited, Head Office 33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan
Mail address and telephone number Stock Transfer Agency Department:	The Chuo Mitsui Trust and Banking Company, Ltd. 8-4 Izumi 2-chome Suginami-ku, Tokyo 168-0063 Tel. 0120-78-2031 (toll-free)
Agency's Intermediary Office:	Nationwide branches of the Chuo Mitsui and Trust Banking Company, Ltd. Head Office and branches of Japan Securities Agents, Ltd.
Transferring Fee:	Fee of charge

Note:

For inquiries concerning any requisite forms for changing address, names, request for purchase and sell of odd lot shares, etc., shareholders are requested to contact the at the following toll free number or website address:

Toll-Free Telephone No. 0120-78-2031 (Acceptance time: weekday 9:00 ~ 17:00)

The website address http://www.chuomitsui.co.jp/person/p_06.html