

FY2008 (Year ending Mar. 31, 2008)

# Supplementary Information for FY2007 (Year Ended March 31, 2007)

May 14, 2007

RISO KAGAKU CORPORATION

## 1. Sales Performance (by Geographic Area)

(Million yen, %)

	FY2006 (Year Ended Mar. 31, 2006)			FY2007 (Year Ended Mar. 31, 2007)			Change			Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	FY2008 (Year ending Mar. 31, 2008)	Consolidated / non-consolidated	Amount	Year-on-year	Impact of exchange rate	
Total sales	87,601	100.0	1.24	90,863	100.0	1.27	3,261	3.7	2,326	•Sales increased 1.1% year on year if the previous year's exchange rate is used.
Printing equipment-related business	86,494	98.7	1.24	89,744	98.8	1.27	3,249	3.8	2,326	
Japan	45,324	51.7	1.02	46,895	51.6	1.01	1,570	3.5	—	•While RISOGRAPH sales fell from the previous year, ORPHIS sales rose, supported by strong sales of consumables.
Overseas	41,170	47.0	1.63	42,849	47.2	1.79	1,679	4.1	2,326	•Sales fell 1.6% year on year if the previous year's exchange rate is used.
Americas	13,040	14.9	1.76	13,396	14.8	1.94	355	2.7	425	•Sales of RISOGRAPH declined from the year-ago level, but ORPHIS sold well. Sales declined 0.5% year on year if the previous year's exchange rate is used.
Europe	17,802	20.3	1.68	19,263	21.2	1.80	1,460	8.2	1,340	•Although sales of RISOGRAPH in developed countries fell from the previous year, ORPHIS sales expanded, led by the subsidiary in France. Sales rose 0.7% year on year if the previous year's exchange rate is used.
Asia	10,327	11.8	1.44	10,190	11.2	1.61	(136)	(1.3)	562	•The performance in Southeast Asia was almost on a par with that of the previous year. However, sales of RISOGRAPH declined in China because of intensifying competition. Sales decreased 6.8% year on year if the previous year's exchange rate is used.
Real estate business and others	1,106	1.3	1.02	1,118	1.2	1.02	11	1.1	—	The performance of the real estate business and insurance agency business was almost in line with the plan.

### ● Exchange rate

	FY2006 (Year Ended Mar. 31, 2006)	FY2007 (Year Ended Mar. 31, 2007)
One dollar	113.31 yen	117.02 yen
One euro	137.86 yen	150.09 yen

## 2. Statements of Income Results (Consolidated Data)

(Million yen, %)

	FY2006 (Year Ended Mar. 31, 2006)			FY2007 (Year Ended Mar. 31, 2007)			Change		Remarks	
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Rate of change		
Net sales	87,601	100.0	1.24	90,863	100.0	1.27	FY2008 (Ye	3.7		
Cost of sales	42,351	48.3		44,452	48.9			5.0		
Gross profit	45,249	51.7	1.48	46,410	51.1	1.47		2.6		
Selling, general and administrative expenses	40,437	46.2		41,031	45.2			594	1.5	• Personnel costs rose 3.3%; expenses fell 0.3% (advertisement expenses decreased).
Operating income	4,812	5.5	0.97	5,379	5.9	1.30		566	11.8	
Other income	798	0.9		736	0.8			(62)	(7.8)	
Interest income	106			187						
Dividend income	70			66						
Equity method gains	—			81						• An equity method loss of 222 million yen for the previous term.
Exchange profits	183			—						
Others	436			400						• A profit of 82 million yen on the sale of investment securities for the previous term.
Other expenses	1,058	1.2		975	1.1			(82)	(7.8)	
Interest expenses	601			623						
Equity method losses	222			—						
Exchange losses	—			133						
Losses on disposal of fixed assets	135			117						
Others	98			101						
Recurring income	4,552	5.2	0.86	5,139	5.7	1.15		586	12.9	
Extraordinary gain	—			—						
Extraordinary loss	25			—						• Impairment of the site of the former Ube company apartment for the previous term.
Income before income taxes	4,527	5.2		5,139	5.7			612	13.5	
Net income	2,154	2.5	1.13	2,977	3.3	0.98		822	38.2	
Capital expenditure	6,065	—	1.17	5,594	—	1.22		(471)	(7.8)	
Depreciation	5,677	—	1.28	5,222	—	1.27		(455)	(8.0)	• Mold depreciation fell.
Number of employees	3,385	—	2.23	3,232	—	2.07		(153)	(4.5)	• The number of employees fell 59 in Europe and 76 in China (mainly in the sales division). • The number of employees of Riso Kagaku Corporation alone was 1,561 at the end of FY2007, an increase of 40 from the end of the previous fiscal year.

### 3. Balance Sheet Results (Consolidated Data)

(Million yen, %)

	FY2006 (As of Mar. 31, 2006)			FY2007 (As of Mar. 31, 2007)			Change		Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	FY2008 (Year ending Mar. 31, 2008)	Amount	Rate of change	
Current assets	69,846	59.0	1.30	73,619	60.8	1.31	3,772	5.4	
Cash and deposits	30,734			29,572			(1,162)		
Notes and accounts receivable	16,917			17,570			653		
Marketable securities	3,311			8,040			4,728		•Transfer from investment in securities.
Inventories	15,037			13,914			(1,123)		•Inventories in subsidiaries decreased.
Deferred tax assets (short)	2,717			2,782			64		
Others	1,421			1,977			556		
Allowance for doubtful receivables (short)	(294)			(238)			55		
Fixed assets	48,599	41.0	0.86	47,430	39.2	0.84	(1,169)	(2.4)	
Tangible fixed assets	32,037	27.0	1.07	31,296	25.9	1.07	(741)	(2.3)	
Buildings and structures	8,333			8,022			(311)		•Fell due to depreciation.
Machinery, equipment and vehicles	1,847			1,982			134		•Production equipment increased.
Tools, furniture and fixtures	2,313			1,714			(598)		•Fell due to depreciation.
Land	14,873			14,873			—		
Others	4,668			4,703			34		
Intangible fixed assets	2,332	2.0	1.41	2,459	2.0	1.22	126	5.4	
Software	1,403			1,774			371		
Others	929			685			(244)		
Investments and other securities	14,229	12.0	0.57	13,674	11.3	0.55	(555)	(3.9)	
Investment in securities	8,704			7,266			(1,437)		•Transfer to marketable securities
Long-term advances	284			209			(75)		
Deferred tax assets (long)	616			848			232		
Others	5,656			6,157			501		
Allowance for doubtful receivables (long)	(1,030)			(807)			223		
<b>Total assets</b>	<b>118,446</b>	<b>100.0</b>	<b>1.07</b>	<b>121,049</b>	<b>100.0</b>	<b>1.07</b>	<b>2,602</b>	<b>2.2</b>	

### 3. Balance Sheet Results (Consolidated Data)

(Million yen, %)

	FY2006 (As of Mar. 31, 2006)			FY2007 (As of Mar. 31, 2007)			Change		Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Rate of change	
Current liabilities	28,449	24.0	1.46	31,492	26.0	1.39	3,042	10.7	
Notes and accounts payable	13,150			15,444		FY2008 (Year)	2,294		•The last day of the term was a bank holiday.  •Beginning the fiscal year under review, recorded based on the estimated bonus amount in anticipation of the payment of directors' bonuses.  •Accrued amount payable increased.
Short-term loans	6,305			5,805			(499)		
Long-term bank borrowings due within one year	51			9			(42)		
Accrued taxes	1,774			1,695			(79)		
Accrued bonuses	1,680			1,680			( 0)		
Accrued directors' bonuses	—			50			50		
Accrued warranty costs	80			103			22		
Others	5,406			6,704			1,298		
Long-term liabilities	20,869	17.6	1.01	18,202	15.0	1.01	(2,666)	(12.8)	
Convertible bonds	16,675			14,091			(2,584)		•Retirement with purchasing was worth 2,584 million yen.
Long-term bank borrowings	112			104			(8)		
Employees' retirement allowances	3,062			3,111			48		
Directors' retirement allowances	246			290			43		
Others	772			605			(166)		
Total liabilities	49,318	41.6	1.23	49,694	41.1	1.22	375	0.8	
Shareholders' equity	66,664	56.3	0.98	68,557	56.6	0.98	1,893	2.8	
Common stock	14,114			14,114			—		
Capital surplus	14,779			14,779			0		
Retained earnings	40,384			42,532			2,147		
Treasury stock	(2,614)			(2,868)			(254)		
Other comprehensive income	2,313	2.0	1.05	2,630	2.2	1.54	316	13.7	
Net unrealized holding gains or losses on securities	2,205			1,706			(498)		
Foreign currency translation adjustments	108			923			815		
Minority interests	149	0.1	—	166	0.1	—	16	11.4	
Total net assets	69,127	58.4	0.98	71,354	58.9	0.99	2,226	3.2	
Total liabilities and net assets	118,446	100.0	1.07	121,049	100.0	1.07	2,602	2.2	

(Note) With the introduction of the Companies Act, shareholders' equity for the fiscal years up to the previous year is presented as net assets from the fiscal year under review. Items for the previous fiscal year are rearranged according to the change in presentation.

#### 4. Statements of Cash Flows (1)

(Million yen)

	FY2006 (Year Ended Mar.31, 2006)	FY2007 (Year Ended Mar. 31, 2007)	Remarks
	Amount	Amount	
I Cash flows from operating activities			
Income before income taxes	4,527	5,139	
Depreciation	3,318	2,767	•Mold depreciation was reduced.
Amortization of adjustments on consolidated accounts	19	—	
Depreciation of goodwill	—	84	•Amortization of goodwill, which was formerly included in depreciation, and the amortization of adjustments on consolidated accounts are presented as the depreciation of goodwill.
Equity method losses (profits)	222	(81)	
Increase (decrease) in employees' retirement allowances	92	48	
Increase (decrease) in directors' retirement allowances	(32)	43	
Increase (decrease) in accrued directors' bonuses	—	50	
Increase (decrease) in allowance for doubtful receivables	(252)	(279)	
Interest and dividends receivable	(177)	(254)	
Interest payable	601	623	
Exchange losses (profits)	321	183	
Equity method losses (profits)	(82)	—	
Decrease (increase) in accounts receivable	1,359	77	•The last day of the fiscal year was a bank holiday.
Decrease (increase) in inventories	(1,519)	1,616	
Increase (decrease) in accounts payable	1,229	1,926	•The last day of the fiscal year was a bank holiday.
Increase (decrease) in accrued expenses	(806)	623	•The last day of the fiscal year was a bank holiday.
Directors' bonuses paid	(48)	(33)	
Others, net	183	65	
Subtotal	8,956	12,601	
Interest and dividends received	177	249	
Interest paid	(586)	(633)	
Income taxes paid	(2,181)	(2,165)	
Net cash provided by operating activities	6,365	10,053	

#### 4. Statements of Cash Flows (2)

(Million yen)

	FY2006 (Year Ended Mar.31, 2006)	FY2007 (Year Ended Mar. 31, 2007)	Remarks
	Amount	Amount	
<b>II Cash flows from investing activities</b>			
Increase in time deposits	(308)	(891)	
Decrease in time deposits	400	12	
Payments for purchase of marketable securities	(1,300)	(2,500)	
Proceeds from sale of marketable securities	300	2,300	
Payments for acquisition of tangible fixed assets	(2,188)	(1,442)	
Payments for acquisition of intangible fixed assets	(957)	(940)	• Acquisition of software
Payments for purchase of investment securities	(3,261)	(3,000)	
Proceeds from sale of investment securities	994	600	
Increase in loans receivable	(43)	(27)	
Decrease in loans receivable	57	86	
Others, net	(233)	(240)	
Net cash provided by (used in) investing activities	(6,539)	(6,043)	
<b>III Cash flows from financing activities</b>			
Net increase (decrease) in short-term loans	517	(559)	
Proceeds from long-term bank borrowings	12	8	
Repayments of long-term bank borrowings	(89)	(60)	
Payments for redemption of corporate bonds	(239)	(2,631)	• Retirement by purchase
Payments for purchase of treasury stock	(302)	(254)	• Purchase of 100,000 shares
Cash dividends paid	(801)	(796)	
Others, net	0	0	
Net cash provided (used in) financing activities	(903)	(4,293)	
IV Effect of exchange rate changes on cash and cash equivalent	248	252	
V Increase (decrease) in cash and cash equivalents	(828)	(30)	
VI Cash and cash equivalents, beginning of year	33,526	32,697	
VII Cash and cash equivalents, end of year	32,697	32,667	

5. Results for FY2006 (Year Ended Mar. 31, 2007) and Forecasts for FY2008 (Year Ending Mar. 31, 2008)

Consolidated, full year

(Million yen, %)

	Results FY2007 (Year ended March 31, 2007)			Forecasts FY2008 (Year ending Mar. 31, 2008)			
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	90,863	100.0	1.27	94,000	100.0	1.26	3.5
Printing equipment-related business	89,744	98.8	1.27	92,900	98.8	1.26	3.5
Japan	46,895	51.6	1.01	48,600	51.7	1.00	3.6
Overseas	42,849	47.2	1.79	44,300	47.1	1.74	3.4
Americas	13,396	14.7	1.94	13,550	14.4	1.88	1.1
Europe	19,263	21.2	1.80	19,600	20.8	1.69	1.7
Asia	10,190	11.2	1.61	11,150	11.9	1.69	9.4
Real estate business and others	1,118	1.2	1.02	1,100	1.2	1.00	(1.6)
Operating income	5,379	5.9	1.30	6,520	6.9	1.39	21.2
Recurring income	5,139	5.7	1.15	6,170	6.6	1.28	20.1
Net income	2,977	3.3	0.98	3,840	4.1	1.32	29.0
Capital expenditure	5,594	—		5,800	—		3.7
Depreciation	5,222	—		5,100	—		(2.3)

Closing rate	Average exchange rate for the period 117.02 yen against dollar, 150.09 yen against the euro	Average exchange rate for the period 113.00 yen against the dollar, 152.00 yen against the euro
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Non-consolidated, full year

(Million yen, %)

	Results FY2007 (Year ended March 31, 2007)			Forecasts FY2008 (Year ending Mar. 31, 2008)			
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	71,673	100.0		74,900	100.0		4.5
Printing-equipment-related business	70,581	98.5		73,800	98.5		4.6
Japan	46,602	65.0		48,400	64.6		3.9
Overseas	23,979	33.5		25,400	33.9		5.9
Americas	6,919	9.7		7,200	9.6		4.1
Europe	10,719	15.0		11,600	15.5		8.2
Asia	6,340	8.8		6,600	8.8		4.1
Real estate business and others	1,092	1.5		1,100	1.5		0.7
Operating income	4,151	5.8		4,680	6.2		12.7
Recurring income	4,473	6.2		4,830	6.4		8.0
Net income	3,030	4.2		2,910	3.9		(4.0)

Consolidated, first half of the year

(Million yen, %)

	Interim results FY2007 (Year ended March 31, 2007)			Interim forecasts FY2008 (Year ending Mar. 31, 2008)			
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	42,601	100.0	1.28	43,650	100.0	1.25	2.5
Printing equipment-related business	42,042	98.7	1.28	43,090	98.7	1.26	2.5
Japan	21,905	51.4	1.01	22,290	51.1	1.00	1.8
Overseas	20,137	47.3	1.83	20,800	47.6	1.72	3.3
Americas	6,720	15.8	2.03	6,500	14.9	1.89	(3.3)
Europe	8,586	20.2	1.85	9,000	20.6	1.62	4.8
Asia	4,830	11.3	1.58	5,300	12.1	1.70	9.7
Real estate business and others	558	1.3	1.02	560	1.3	1.02	0.4
Operating income	2,280	7.1	1.49	2,400	5.5	1.26	5.3
Recurring income	2,250	5.3	1.34	2,150	4.9	1.02	(4.5)
Net income	1,292	3.0	0.87	1,140	2.6	0.90	(11.8)

Closing rate	Average exchange rate for the period 115.38 yen for the dollar, 145.97 yen for the euro	Average exchange rate for the period 113.00 yen for the dollar, 152.00 yen for the euro
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Non-consolidated, first half of the year

(Million yen, %)

	Interim results FY2007 (Year ended March 31, 2007)			Interim forecasts FY2008 (Year ending Mar. 31, 2008)			
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	33,294	100.0		34,850	100.0		4.7
Printing equipment-related business	32,748	98.4		34,300	98.4		4.7
Japan	21,739	65.3		22,190	63.7		2.1
Overseas	11,008	33.1		12,110	34.7		10.0
Americas	3,305	9.9		3,440	9.9		4.1
Europe	4,651	14.0		5,550	15.9		19.3
Asia	3,051	9.2		3,120	8.9		2.3
Real estate business and others	546	1.6		550	1.6		0.7
Operating income	1,531	4.6		1,900	5.5		24.1
Recurring income	1,677	5.0		2,100	6.0		25.2
Net income	1,488	4.5		1,270	3.6		(14.7)