

## (TRANSLATION FOR REFERENCE ONLY)

The original document of the English report: "Fiscal 2008 Consolidated Interim Earnings Report" is prepared in Japanese. And some of the notes included in "Notes to Consolidated Financial Statements" of the Japanese Report are omitted in the English Report. In cases where there are discrepancies between the two Reports, the Japanese report will prevail.

# Fiscal 2008 Consolidated Interim Earnings Report

November 2, 2007

Company Name: RISO KAGAKU CORPORATION  
Listed Market: Tokyo Stock Exchange (First Section), JASDAQ  
Stock Code: 6413  
URL: <http://www.riso.co.jp/>  
Representative Director: Akira Hayama, President & CEO  
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Scheduled date for filing Semi-annual Report: November 28, 2007

## 1. Consolidated Interim Results (April 1, 2007 to September 30, 2007)

### (1) Consolidated Operating Results (Millions of yen, rounded down)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Half of FY2008	43,535	[2.2]	2,279	[- 0.0]	2,358	[4.8]	1,321	[2.2]
1st Half of FY2007	42,601	[6.4]	2,280	[41.9]	2,250	[44.6]	1,292	[63.1]
FY 2007	90,863	-	5,379	-	5,139	-	2,977	-

	Net Income Per Share		Diluted Net Income Per Share	
	Yen		Yen	
1st Half of FY2008	49.	93	48.	01
1st Half of FY2007	48.	64	46.	51
FY 2007	112.	12	106.	67

(Ref.) Equity-method loss and gain

1st Half of FY2008 ¥29 million 1st Half of FY2007 ¥10 million FY2007 ¥81 million

### (2) Consolidated Financial Position (Millions of yen, rounded down)

	Total Assets		Net Assets		Equity Ratio		Net Assets Per Share	
	Millions of yen		Millions of yen		%	Yen		
Sept. 30, 2007	117,303		71,316		60.6	2,687.	90	
Sept. 30, 2006	118,434		69,623		58.7	2,614.	87	
March 31, 2007	121,049		71,354		58.8	2,689.	85	

(Ref.) Shareholders' Equity

Sept. 30, 2007 ¥71,136 million Sept. 30, 2006 ¥69,465 million March 31, 2007 ¥71,188 million

### (3) Consolidated Cash Flows (Millions of yen, rounded down)

	Operating Activities	Investing Activities	Financing Activities	Period-end Cash and Cash Equivalents
1st Half of FY2008	2,606	- 2,092	- 2,498	30,759
1st Half of FY2007	5,549	- 1,608	- 1,843	34,874
FY2007	10,053	- 6,043	- 4,293	32,667

## 2. Dividends

	Dividends per share		
	Interim	Year-end	Total annual
	Yen	Yen	Yen
FY2007	0.00	40.00	40.00
FY2008	0.00	-	40.00
FY2008 (forecast)	-	40.00	

## 3. Forecast for FY 2008 (April 1, 2007 to March 31, 2008) (Millions of yen, rounded down)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income Per Share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Year-end Results	94,000	3.5	6,520	21.2	6,170	20.1	3,840	29.0	145.	09

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4. Other

(1) Change to significant subsidiaries during the period (Change to specific subsidiaries resulting in a change in the scope of consolidation): No

(2) Changes in accounting principles, procedures or presentation methods used in the preparation of interim consolidated financial statements (changes in basic important matter for preparation of interim consolidated financial statements):

1. Changes due to the revision of accounting standards, etc. Yes

2. Changes due to reasons other than item 1 No

(3) Issued shares (Common shares)

1. Number of shares issued at the end of the consolidated accounting period (including Treasury stock)

As of September 30, 2007 28,053,166 shares

As of September 30, 2006 28,053,166 shares

As of March 31, 2007 28,053,166 shares

2. Number of treasury shares at the end of the consolidated accounting period

As of September 30, 2007 1,587,764 shares

As of September 30, 2006 1,487,632 shares

As of March 31, 2007 1,587,672 shares

\* Explanatory statement concerning the appropriate use of business earnings forecasts and other special instructions

The forecasts above were created based on information that was available as of the date of announcement of this material, and there is a possibility that actual results will differ materially from the forecast figures due to various factors in the future.

## I. Business Results and Financial Positions

### 1. Business Results

The Japanese economy during the current consolidated interim accounting period continued its trend of moderate expansion against a backdrop of steady levels of corporate profit and capital investment along with growing economic uncertainty over the unstable US economy and the rising costs of raw materials caused by the high price of crude oil. On the other hand, although the US economy maintains brisk trends in employment and consumption, the subprime loan issue causes concern for the economy. The European economy has remained robust, with increased exports and an improved employment situation. Asian economies maintain high level of growth mainly because of a surge of investment in China and that country's strong exports.

Under these economic circumstances, we have been working on generating further growth, focusing on the key issue of acquiring of new customers in the ink jet business (ORPHIS) and digital duplicating business (RISOGRAPH).

In this consolidated accounting period, the first fiscal year of our third medium-management plan (RISO Vision 10) covering FY 2008 (April 1, 2007 to March 31, 2008) to FY2010 (April 1, 2009 to March 31, 2010), we carry out management in the following five key objectives in mind: "Strengthening direct sales and providing RISO dealers with appropriate support", "Revitalizing overseas subsidiaries and implementing their internal reformation", "Establishing the foundation for new business", "Aiming for higher product quality and increased safety in manufacturing operations" and "Establishing and promoting an internal control system".

We established a system to inform distributors of the know-how of direct sales for the first objective of "Strengthening direct sales and providing RISO dealers with appropriate support". We also reshuffled the management team in our US subsidiary and reviewed personnel expenses and other expenses with respect to the second objective of "Revitalizing overseas subsidiaries and implementing their internal reformation".

As a result of the above activities, together with the favorable foreign exchange movements, net sales reached ¥43,535 million (up 2.2% year-on-year). Operating income was ¥2,279 million (down 0.0% year-on-year). Recurring income was ¥2,358 million (up 4.8% year-on-year) and net income was ¥1,321 million (up 2.2% year-on-year).

The business results by business segment are as follows:

#### (1) Printing equipment-related business

RISO's main activity in the printing equipment-related business is selling RISOGRAPH digital printers and ORPHIS high-speed inkjet printers.

As for sales of ORPHIS, we are in the process of setting up the firm base for the sale of consumables in Japan.

We grew sales in overseas markets, especially in Europe and the US.

Although sales of RISOGRAPH expanded in Asia, especially in China, India and South Korea, sales of consumables decreased in Japan and developed nations in Europe and the US, falling below levels of same period at the previous fiscal year. As a result, consolidated net sales of the printing equipment-related business amounted to ¥42,979 million (up 2.2% year-on-year), and operating income was ¥1,844 million (down 0.7% year-on-year).

#### (2) Real estate business and others

RISO operates a real estate business, focusing on leasing properties in Omotesando and Shin-Osaka. It also operates an insurance agency business.

Both the real estate business and the insurance agency business have performed as projected, and net sales for the real estate business and others became ¥556 million (down 0.4% year-on-year) and operating income was ¥435 million (up 2.9% year-on-year).

The business results in the respective segments by geographical area are as follows:

1) Japan - Total domestic sales and Asian dealer sales

Domestically, sales of consumables of ORPHIS advanced steadily, but RISOGRAPH sales decreased and fell below the level of same period the previous year. On the other hand, sales to Asian distributors expanded steadily.

As a result, net sales including the real estate business and others reached ¥23,455 million (down 1.3% year-on-year). However, operating income was ¥2,215 million (up 40.5% year-on-year) as a result of higher gross profit margins from the growth in sales of consumables relating to ORPHIS.

2) The Americas - Total American subsidiaries' sales

In the Americas, sales of consumables of ORPHIS have remained brisk, but RISOGRAPH sales fell short of the results of the previous year. As a result, net sales totaled ¥6,218 million (down 7.5% year-on-year). Operating income recorded a loss of ¥278 million (a loss of ¥137 million, the same period the previous fiscal year).

3) Europe - Total European subsidiaries' sales

Sales of ORPHIS expanded steadily in Europe, especially in developed nations. RISOGRAPH sales fell short of the year-ago results. As a result, together with the favorable impact of foreign exchange, net sales reached ¥9,656 million (up 14.8% year-on-year). On the other hand, operating income was ¥165 million (down 6.1% year-on-year) due to an increase of selling cost.

4) Asia - Total Asian subsidiaries' sales including Chinese ones

In Asia, sales of RISOGRAPH advanced favorably. Net sales amounted to ¥4,203 million (up 13.5% year-on-year). On the other hand, operating income was ¥379 million (down 2.4%) due to an increase in selling costs.

(Business Outlook in Fiscal Year 2008)

We forecast that although there is uncertainty because of the subprime loan crisis in the US and an impact caused by high-price of crude oil in the world economy, there will continue to be a trend of moderate expansion in business.

Under this business environment, in the ORPHIS business, we will promote the efficiency of sales system and boost sales. In the RISOGRAPH business, we aim to improve profitability and enhance our corporate structure by focusing on sales of high value-added models such as one-pass two-color printers in developed nations and low-price models centering on the CZ series in emerging markets.

For the entire accounting period (consolidated basis), we plan to record net sales of ¥94,000 million (up 3.5% year-on-year), operating income of ¥6,520 million (up 21.2%), recurring income of ¥6,170 million (up 20.1%), and net income of ¥3,840 million (up 29.0%).

In the above forecast, we use the exchange rate of ¥117 against the US dollar and ¥162 against the Euro.

## 2. Financial Positions

(1) Assets, Liabilities, and Net Assets

Financial positions at the end of the consolidated interim accounting period changed from the end of the preceding accounting period, as follows:

Total assets decreased by ¥3,746 million and net assets decreased by ¥38 million.

Regarding major changes in assets, inventories and investment in securities increased by ¥1,100 million and ¥2,134 million respectively, and cash and deposits, notes and accounts receivable and marketable securities decreased by ¥2,752 million, ¥2,982 million and ¥1,426 million respectively.

Also in liabilities, notes and accounts payable, short-term loans and convertible bonds decreased by ¥619 million, ¥680 million and ¥805 million respectively.

(2) Consolidated Cash Flows

Cash and cash equivalents at the end of the consolidated interim fiscal term under review (hereinafter "cash") decreased by ¥1,907 million to ¥30,759 million, compared to the end of the previous

consolidated fiscal term.

The positions and contributing factors of each cash flow in the consolidated interim fiscal term under review were as follows:

### **Cash Flows from Operating Activities**

Net cash provided by operating activities totaled ¥2,606 million (down 53.0% year-on-year), chiefly reflecting income before income taxes of ¥2,358 million, Depreciation of ¥1,351 million, a decrease in accounts receivable of ¥3,100 million, an increase in inventories of ¥1,052 million, and income taxes paid of ¥1,415 million.

### **Cash Flows from Investing Activities**

Net cash used in investing activities totaled ¥2,092 million (up 30.1% year-on-year). This result is mainly due to increase in time deposits of ¥1,727 million, proceeds from sale of marketable securities of ¥3,995 million, payments for acquisition of tangible fixed assets of ¥993 million and payment for purchase of investment securities of ¥3,003 million.

### **Cash Flows from Financing Activities**

Net cash used in financing activities totaled ¥2,498 million (up 35.5% year-on-year), chiefly reflecting a net decrease in short-term loans of ¥630 million, payment of ¥816 million for the redemption of corporate bonds, and cash dividends paid of ¥1,057 million.

## **3. Basic Policy for Earning Distribution**

Our basic policy on the distribution of profits to our shareholders is to allocate an appropriate proportion of profits in accordance with business results, while retaining the remainder to strengthen our financial position. Based on this policy, we will seek to maintain the stable distribution of dividends. We also consider the acquisition of treasury stock to be a part of our profit distribution policy, taking stock price level and market trends into consideration. We will use retained earnings to strengthen financial structure, capital investment and R&D, and strive to improve our business performance.

We expect to pay dividends of ¥40 per share in FY2008 (April 1, 2007 to March 31, 2008).

## **4. Risk Factors in Business**

RISO is subject to the following risk factors which will probably affect its own business performance, stock price and financial positions. The future-related assumptions we make in the descriptions below are based on the data and information available at the end of this interim period.

### **(1) Intensifying competition**

The products competing with our core products, office digital printer, are assumed to be office equipment marketed in the same fields, such as copiers, laser-beam printers and inkjet printers, as well as other brand printers using the same digital duplicating technology as ours.

If competition in the areas of model performance or price intensifies, there is a possibility that it will have an adverse effect on the business results and financial conditions of RISO.

### **(2) Product defects**

RISO is manufacturing office digital printers and their supplies in the plants located in Ibaraki and Yamaguchi areas in Japan and some additional areas in China, giving top priority to quality control. However, there is no absolute guarantee that serious defects never occur in our products. Such product defects as lead to recall or product-liability compensation, even though we have a product-liability insurance policy with forethought, could require large additional costs and exert unfavorable effects on our company value, causing sales to drop and adversely affecting the business results and financial condition.

### **(3) Technological innovation**

The core business of RISO has been the development, manufacturing and sale of digital printers for

office use. Under the situation, if technological innovation was made in rivalry with “digital duplicating”, there is a possibility that the products of RISO will become old-fashioned. Accordingly, if RISO fails to forecast fully a change in the market, and is unable to develop attractive new products, there is a possibility that it will cause a decline in future growth and profits, having an adverse effect on the business results and financial conditions.

(4) Infringement on the intellectual property rights of RISO or on the intellectual property rights of third parties by RISO

In business activities such as the development, manufacturing and sale, etc. of products, RISO pays close attention through the research of patents, etc. at the stage of the design of products to avoid infringing on the intellectual property rights of third parties. However, if the products of RISO inadvertently infringe on the intellectual property rights of third parties for reasons such as the precision of products, the diversification of product technologies or the expansion of overseas business activities, there is a possibility of a cost increase arising from the suspension of sales or a change in design, among other factors. Meanwhile, it may not be possible to completely prevent an infringement on the intellectual property rights of RISO by third parties. In this event, there is a possibility that the products of RISO will be unable to secure the expected market share, and sales will decline. There is a possibility that these factors will have an adverse effect on the business results and financial conditions of RISO.

(5) Risks of litigation

Although RISO tries to comply with laws and regulations, legal actions may be filed by customers or counterparties, etc., while conducting business activities domestically or abroad, regardless of the existence of a violation of laws and regulations by RISO companies or employees. As a result, there is the potential for a negative impact on business results of RISO and the financial conditions.

(6) Information leak

RISO retains personal information of customers as well as corporate information through printing services and the mail-order sale of personal card printers. To strictly control this information, RISO has established regulations such as the Personal Information Protection Regulation and the Corporate Secrets Handling Regulation, and has taken steps to prevent information leaks from inside RISO by raising awareness of the importance of information control through employee education. The Company has also obtained the Privacy Mark from the Japan Information Processing Development Corporation. Notwithstanding these measures, if personal information or corporate information is divulged, there is a possibility that we will not only be liable for compensation for losses but will also lose social credibility, and this will have an adverse effect on the business results and financial conditions of RISO.

(7) Subsidiaries with poor results

Of the sales subsidiaries of RISO, RISO, INC. in the United States continued to record a recurring loss, although retaining a positive net worth, as a result of intensified competition in the sale of copiers and printers. The Company provided RISO INC. with support to help it reduce its costs, rebuild its sales channels and take sales promotion measures in a bid to improve its results. However, if the results of the subsidiary do not improve as planned, there is a possibility that it will have an adverse effect on the business results and financial conditions of RISO.

(8) Legal restrictions

RISO is subject to legal restrictions such as business approvals and permits, national security, anti-monopoly legislation, and trade, exchange, tax, patent, environment, and information controls, not only Japan but also in other countries where it does business. In this environment, RISO has endeavored to observe laws and ordinances. However, if a legal restriction with potential impact on the continuation of the business of RISO is imposed in the future, there is a possibility that it will have an adverse effect on the business results and financial conditions of RISO.

(9) Country risk involved in the development of overseas business

RISO has a manufacturing base in China and sales subsidiaries in many regions around the world. The advance into these overseas markets is subject to risk of the following unforeseen events occurring:

- (i) Political instability, growth in anti-Japanese sentiment, and deterioration in the economic environment
- (ii) Shortage of excellent manpower, sharp rise in personnel expense, and occurrence of a major labor strike
- (iii) Instable supply of energy due to a failure to develop social infrastructure
- (vi) Social disorder associated with a terrorist attack, war, riot, natural calamity, or the spread of an infectious disease

RISO always takes care to obtain information on the situation in China, where our manufacturing base is located, as well as on situations in countries where our sales subsidiaries are located, and has taken steps to prevent losses. However, if an unforeseen event occurs, there is a possibility that this will have an adverse effect on the business results and financial conditions of RISO as well as on the preservation and maintenance of assets such as production facilities located in those countries.

(10) Changes in accounting and tax systems, etc.

If an accounting standard or a tax system which is not expected by RISO is introduced or changed, there is a possibility that it will have an adverse effect on the business results and financial conditions of RISO. In addition, there is a possibility that an unexpectedly large tax burden will be imposed on RISO arising from differences in the way tax returns are viewed by tax authorities.

(11) Exchange rate fluctuation

About 50% of total sales amounts are realized overseas in the printer-related business. The amounts booked in local currency, such as sales, expenses and assets, in each overseas region are converted to Japanese yen when preparing consolidated financial statements. These amounts could be different after finally converted to Japanese yen, depending on the exchange rate applied at conversion, even if they are constant in local currency. Especially concerning US dollar and Euro, in which our major overseas sales amounts are booked, their depreciation against Japanese yen will have an adverse effect on the business results and financial conditions of RISO.

(12) Natural disasters and accidents

When the facilities, such as manufacturing sites, suffer catastrophic damages from natural disasters, such as earthquake, or such accidents as fire, our operations could be suspended, causing sales to drop due to delay in production and delivery. In addition, a substantial outlay required for the repair of a manufacturing base, etc. may not be covered by insurance. There is a possibility that this will have an adverse effect on the business results and financial conditions of RISO.

(13) Risk associated with the violation of laws and ordinances by employees

RISO has established the Compliance Regulation and has managed its business with the aim of not only observing laws and ordinances but also carrying out employee education so that employees may make judgments based on a sense of justice and ethics for the purposes of compliance. In addition, we have established a compliance hot line and a harassment hot line as lines for contact for consultation by employees. However, it is foreseeable that we will rapidly lose credibility given a mistake in the actions or judgment of an employee. If an officer or employee of RISO violates laws and ordinances with a resulting loss of credibility for the company, there is a possibility that this will have an adverse effect on the business results and financial conditions of RISO.

## II. Group Organization Structure

The Riso Group (RISO) consists of Riso Kagaku Corporation (the parent company), 25 subsidiaries, and 2 affiliated companies. The main business of the Group is the manufacture and sale of printing equipment, as well as related market research. The Group also operates a real estate business and an insurance agency.

The following shows the relationship of the RISO members and their business territories.

### RISO KAGAKU CORPORATION (Manufacture and sales)

<Subsidiaries in Japan>

**Printing equipment - Sales and market research**

RISO OKINAWA CORPORATION

**Printing equipment - Sales and funded research and development**

RISO VEC CORPORATION

**Real estate business and others**

- Insurance

RISO AGENCY CORPORATION

- Real estate

<Affiliated companies in Japan>

**Printing equipment - Research and development, manufacture and sales**

ORTEK CORPORATION

<Overseas subsidiaries>

**Printing equipment - Sales and market research**

RISO, INC .

RISO EUROPE LTD.

RISO (U.K.) LTD.

RISO (Deutschland) GmbH

RISO FRANCE S.A.

RISO IBERICA, S.A.

RISOGRAPH ITALIA S.p.A.

RISO AFRICA (PTY) LTD.

RISO HONG KONG LTD.

RISO (Thailand) LTD.

RISO KOREA LTD.

**Printing equipment - Manufacture and sales**

RISO TECHNOLOGY ZHUHAI CO., LTD.

**Printing equipment - Manufacture**

RISO INDUSTRIES (H.K.) LTD.

(Note) The Company passed a resolution to dissolve RISO IRELAND LABORATORY LTD., the Company's non-consolidated subsidiary in the press release "Notice Regarding Dissolution of Subsidiary" dated February 20, 2007. However as the dissolution procedures have not been completed as of the end of the consolidated interim fiscal term under review, the said subsidiary is included in the number of subsidiaries of the Company.



### III. Management Policies

- (1) The Company's basic management policy and medium- and long-term business strategy  
RISO formulated the third medium-term management plan for from the fiscal year ending March 31, 2008 to the fiscal year ending March 31, 2010, called Riso Vision 10 as follows. We strive to win new customers in ink jet printing business and digital duplicating business as the highest priority issue, and aim for further growth.

<Basic Policies in the Third Medium-Term Management Plan "Riso Vision 10">

- (1) Accelerating our hardware installation in the inkjet business;
  - (2) Gaining new customers in the digital duplicating business;
  - (3) Creating new businesses that could be our future core businesses;
  - (4) Making investments in development, engineering and manufacturing in anticipation of changes in businesses;
  - (5) Creating a corporate culture that will nature future leader; and
  - (6) Increasing corporate value through the promotion of CSR activities.
- (2) Business performance target  
RISO defines consolidated sales and the ratio of consolidated operating profit to consolidated sales as its principal management indices. The new medium-term management plan sets a target of attaining consolidated sales of 100 billion yen and a ratio of consolidated operating profit to consolidated sales of 10% in the fiscal year ending March 2010.

- (3) Issues to address

There are five priority issues to be addressed by RISO this fiscal year ending March 2008

- (1) Strengthening direct sales and providing RISO dealers appropriate support
- (2) Revitalizing overseas subsidiaries and implementing their internal reformation
- (3) Establishing the foundation of new business
- (4) Aiming higher product quality and increased safety in manufacturing operation
- (5) Establishing and promoting an internal control system

## IV. Interim Consolidated Financial Statements

### [1] Interim Consolidated Balance Sheets

Item	1st Half of FY 2007 ( As of Sept. 30, 2006 )		1st Half of FY 2008 ( As of Sept. 30, 2007 )		Y-O-Y Change	FY 2007 ( As of Mar. 31, 2007 )	
	Amount ( Millions of yen )	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)
<b>(ASSETS)</b>							
Current assets							
1. Cash and deposits	32,440		26,819			29,572	
2. Notes and accounts receivable	14,552		14,588			17,570	
3. Marketable securities	6,771		6,613			8,040	
4. Inventories	14,991		15,014			13,914	
5. Deferred tax assets (short)	2,510		2,889			2,782	
6. Others	1,673		1,980			1,977	
Allowance for doubtful receivables (short)	(244)		(255)			(238)	
Total current assets	72,695	61.4	67,650	57.7	(5,044)	73,619	60.8
Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	8,187		7,883			8,022	
(2) Machinery, equipment and vehicles	1,891		1,924			1,982	
(3) Tools, furniture and fixtures	2,010		1,659			1,714	
(4) Land	14,873		14,873			14,873	
(5) Construction in progress	49		55			65	
(6) Others	4,913	31,925	4,722	31,118	(806)	4,637	31,296
2. Intangible fixed assets							
(1) Software	1,714		1,720			1,774	
(2) Goodwill	340		271			296	
(3) Others	370	2,425	379	2,371	(53)	388	2,459
3. Investments and other securities							
(1) Investment in securities	5,122		9,400			7,266	
(2) Long-term advances	258		296			209	
(3) Deferred tax assets (long)	743		1,125			848	
(4) Others	6,217		6,102			6,157	
Allowance for doubtful receivables (long)	(952)	11,388	(762)	16,162	4,774	(807)	13,674
Total fixed assets	45,739	38.6	49,653	42.3	3,913	47,430	39.2
Total assets	118,434	100.0	117,303	100.0	(1,131)	121,049	100.0

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Item	1st Half of FY 2007 ( As of Sept. 30, 2006 )		1st Half of FY 2008 ( As of Sept. 30, 2007 )		Y-O-Y Change	FY 2007 ( As of Mar. 31, 2007 )	
	Amount ( Millions of yen )	(%)	Amount ( Millions of yen )	(%)	Amount ( Millions of yen )	Amount ( Millions of yen )	(%)
<b>(LIABILITIES)</b>							
Current liabilities							
1. Notes and accounts payable	14,224		14,825			15,444	
2. Short-term loans	6,315		5,125			5,805	
3. Long-term bank borrowings due within one year	19		8			9	
4. Accrued taxes	997		1,313			1,695	
5. Accrued bonuses	1,579		1,621			1,680	
6. Accrued directors' bonuses	17		15			50	
7. Accrued warranty costs	86		114			103	
8. Others	5,567		5,886			6,704	
Total current liabilities	28,807	24.3	28,910	24.6	103	31,492	26.1
Long-term liabilities							
1. Convertible bonds	15,675		13,286			14,091	
2. Long-term bank borrowings	109		112			104	
3. Employees' retirement allowances	3,079		2,991			3,111	
4. Directors' retirement allowances	266		209			290	
5. Equity-method debt	557		256			472	
6. Others	315		220			133	
Total long-term liabilities	20,004	16.9	17,076	14.6	(2,927)	18,202	15.0
Total liabilities	48,811	41.2	45,987	39.2	(2,824)	49,694	41.1
<b>(Net Asset)</b>							
Shareholders' Equity							
1. Common stock	14,114	11.9	14,114	12.0	-	14,114	11.7
2. Capital surplus	14,779	12.5	14,779	12.6	0	14,779	12.2
3. Retained earnings	40,846	34.5	42,794	36.5	1,948	42,532	35.1
4. Treasury Stock	(2,614)	(2.2)	(2,869)	(2.4)	(254)	(2,868)	(2.4)
Total shareholders' equity	67,126	56.7	68,820	58.7	1,693	68,557	56.6
Other comprehensive income							
1. Net unrealized holding gains or losses on securities	1,916	1.6	1,198	1.0	(717)	1,706	1.4
2. Foreign currency translation adjustments	422	0.4	1,117	0.9	695	923	0.8
Total other comprehensive income	2,338	2.0	2,315	1.9	(22)	2,630	2.2
Minority interests	157	0.1	179	0.2	21	166	0.1
Total net assets	69,623	58.8	71,316	60.8	1,692	71,354	58.9
Total liabilities and net assets	118,434	100.0	117,303	100.0	(1,131)	121,049	100.0

## (TRANSLATION FOR REFERENCE ONLY)

## [2] Interim Consolidated Statements of Income

Item	1st Half of FY 2007 (6 months ended Sept. 30, 2006)		1st Half of FY 2008 (6 months ended Sept. 30, 2007)		Y-O-Y Change	FY 2007 (Year ended Mar. 31, 2007)				
	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)		Amount (Millions of yen)	(%)			
Net sales		42,601	100.0		43,535	100.0	933	90,863	100.0	
Cost of sales		20,635	48.4		20,954	48.1	319	44,452	48.9	
Gross profit		21,966	51.6		22,580	51.9	614	46,410	51.1	
Selling, general and administrative expenses		19,685	46.2		20,300	46.6	614	41,031	45.2	
Operating income		2,280	5.4		2,279	5.3	(0)	5,379	5.9	
Other income										
1. Interest income	72			140				187		
2. Dividend income	48			22				66		
3. Equity method gains	10			29				81		
4. Exchange profits	46			-				-		
5. Insurance reimbursement receivable	53			63				-		
6. Others	122	354	0.8	192	448	1.0	93	400	736	0.8
Other expenses										
1. Interest expenses	311			299				623		
2. Exchange losses	-			3				133		
3. Losses on disposal of fixed assets	43			38				117		
4. Others	29	383	0.9	27	369	0.9	(14)	101	975	1.0
Recurring income		2,250	5.3		2,358	5.4	107	5,139	5.7	
Income before income taxes		2,250	5.3		2,358	5.4	107	5,139	5.7	
Corporate income tax and other tax expenses	667			1,046				2,083		
Corporate income tax and other tax adjustments	285	952	2.3	(22)	1,024	2.4	71	68	2,151	2.4
Minority interest in net income of consolidated subsidiaries		5	0.0		12	0.0	6	10	0.0	
Net income		1,292	3.0		1,321	3.0	29	2,977	3.3	

(TRANSLATION FOR REFERENCE ONLY)

[3] Interim Consolidated Statements of Changes in Net Assets

The 1st Half of FY 2007 (From April 1, 2006, to September 30, 2006)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )
Balance March 31, 2006	14,114	14,779	40,384	(2,614)	66,664
Changes during the period					
Cash dividends declared (Note)			(796)		(796)
Bonuses to directors (Note)			(33)		(33)
Net income for 1 <sup>st</sup> Half			1,292		1,292
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Changes in other than shareholders' equity during the period					
Total changes of the period	-	0	462	(0)	461
Balance September 30, 2006	14,114	14,779	40,846	(2,614)	67,126

	Other comprehensive income			Minority interests	Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustments	Total other comprehensive income		
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )		
Balance March 31, 2006	2,205	108	2,313	149	69,127
Changes during the period					
Cash dividends declared (Note)					(796)
Bonuses to directors (Note)					(33)
Net income for 1 <sup>st</sup> Half					1,292
Purchase of treasury stock					(0)
Disposal of treasury stock					0
Changes in other than shareholders' equity during the period	(289)	314	25	8	33
Total changes of the period	(289)	314	25	8	495
Balance September 30, 2006	1,916	422	2,338	157	69,623

(Note) Profit distribution items at an ordinary general meeting of shareholders held on June 27, 2006

(TRANSLATION FOR REFERENCE ONLY)

The 1st Half of FY 2008 (From April 1, 2007, to September 30, 2007)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )
Balance March 31, 2007	14,114	14,779	42,532	(2,868)	68,557
Changes during the period					
Cash dividends declared (Note)			(1,058)		(1,058)
Net income for 1 <sup>st</sup> Half			1,321		1,321
Purchase of treasury stock				(0)	(0)
Changes in other than shareholders' equity during the period					
Total changes of the period	-	-	262	(0)	262
Balance September 30, 2,007	14,114	14,779	42,794	(2,869)	68,820

	Other comprehensive income			Minority interests	Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustments	Total other comprehensive income		
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )		
Balance March 31, 2007	1,706	923	2,630	166	71,354
Changes during the period					
Cash dividends declared (Note)					(1,058)
Net income for 1 <sup>st</sup> Half					1,321
Purchase of treasury stock					(0)
Changes in other than shareholders' equity during the period	(508)	194	(314)	13	(301)
Total changes of the period	(508)	194	(314)	13	(38)
Balance September 30, 2,007	1,198	1,117	2,315	179	71,316

(Note) Profit distribution items at an ordinary general meeting of shareholders held on June 26, 2007

**(TRANSLATION FOR REFERENCE ONLY)**

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

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )
Balance March 31, 2006	14,114	14,779	40,384	(2,614)	66,664
Changes during the period					
Cash dividends declared (Note)			(796)		(796)
Bonuses to directors (Note)			(33)		(33)
Net income			2,977		2,977
Purchase of treasury stock				(254)	(254)
Disposal of treasury stock		0		0	0
Changes in other than shareholders' equity during the period					
Total changes of the period	-	0	2,147	(254)	1,893
Balance March 31, 2007	14,114	14,779	42,532	(2,868)	68,557

	Other comprehensive income			Minority interests	Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustments	Total other comprehensive income		
	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )		
Balance March 31, 2006	2,205	108	2,313	149	69,127
Changes during the period					
Cash dividends declared (Note)					(796)
Bonuses to directors (Note)					(33)
Net income					2,977
Purchase of treasury stock					(254)
Disposal of treasury stock					0
Changes in other than shareholders' equity during the period	(498)	815	316	16	333
Total changes of the period	(498)	815	316	16	2,226
Balance March 31, 2007	1,706	923	2,630	166	71,354

(Note) Profit distribution items at an ordinary general meeting of shareholders held on June 27, 2006

## (TRANSLATION FOR REFERENCE ONLY)

## [4] Interim Consolidated Statements of Cash Flows

	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	1st Half of FY 2008 (6 months ended Sept. 30, 2007)	Y-O-Y Change	FY 2007 (Year ended Mar. 31, 2007)
Item	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount ( Millions of yen )
<b>Cash flows from operating activities</b>				
Income before income taxes	2,250	2,358		5,139
Depreciation	1,342	1,351		2,767
Depreciation of goodwill	33	25		84
Equity method gains	(10)	(29)		(81)
Increase (decrease) in employees' retirement allowances	16	(119)		48
Increase (decrease) in directors' retirement allowances	19	(80)		43
Increase (decrease) in accrued directors' bonuses	17	(34)		50
Decrease in allowance for doubtful receivables	(109)	(23)		(279)
Interest and dividends receivable	(120)	(162)		(254)
Interest payable	311	299		623
Exchange losses (profits)	53	(50)		183
Decrease in accounts receivable	2,602	3,100		77
Decrease (increase) in inventories	215	(1,052)		1,616
Increase (decrease) in accounts payable	966	(698)		1,926
Increase (decrease) in accrued expenses	422	(446)		623
Directors' bonuses paid	(33)	-		(33)
Others, net	(790)	(270)		65
Subtotal	7,186	4,165	(3,020)	12,601
Interest and dividends received	120	156		249
Interest paid	(322)	(300)		(633)
Income taxes paid	(1,435)	(1,415)		(2,165)
Net cash provided by operating activities	5,549	2,606	(2,942)	10,053
<b>Cash flows from investing activities</b>				
Increase in time deposits	(501)	(1,727)		(891)
Decrease in time deposits	10	0		12
Payments for purchase of marketable securities	(1,000)	-		(2,500)
Proceeds from sale of marketable securities	1,000	3,995		2,300
Payments for acquisition of tangible fixed assets	(840)	(993)		(1,442)
Payments for acquisition of intangible fixed assets	(480)	(315)		(940)
Payments for purchase of investment securities	(500)	(3,003)		(3,000)
Proceeds from sale of investment securities	600	-		600
Increase in loans receivable	(11)	(123)		(27)
Decrease in loans receivable	37	48		86
Others, net	77	27		(240)
Net cash used in investing activities	(1,608)	(2,092)	(483)	(6,043)
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans	3	(630)		(559)
Proceeds from long-term bank borrowings	7	24		8
Repayments of long-term bank borrowings	(41)	(17)		(60)
Payments for redemption of corporate bonds	(1,017)	(816)		(2,631)
Payment for purchase of treasury stock	(0)	-		(254)
Cash dividends paid	(796)	(1,057)		(796)
Others, net	0	(0)		0
Net cash used in financing activities	(1,843)	(2,498)	(654)	(4,293)
Effect of exchange rate changes on cash and cash equivalents	78	76	(2)	252
Increase (decrease) in cash and cash equivalents	2,176	(1,907)	(4,083)	(30)
Cash and cash equivalents, beginning of term	32,697	32,667	(30)	32,697
Cash and cash equivalents, end of term	34,874	30,759	(4,114)	32,667



## Segment Information

[Segment Information by Business]

- 1st Half of FY 2007 (6 months ended September 30, 2006) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales					
(1) External customer sales	42,042	558	42,601	-	42,601
(2) Inter-segment sales	-	38	38	(38)	-
[Total]	42,042	596	42,639	(38)	42,601
Costs and expenses	40,185	173	40,359	(38)	40,321
Operating income	1,856	423	2,280	-	2,280

- 1st Half of FY 2008 (6 months ended September 30, 2007) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales					
(1) External customer sales	42,979	556	43,535	-	43,535
(2) Inter-segment sales	-	37	37	(37)	-
[Total]	42,979	594	43,573	(37)	43,535
Costs and expenses	41,134	158	41,293	(37)	41,255
Operating income	1,844	435	2,279	-	2,279

- FY 2007 (Year ended March 31, 2007) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales					
(1) External customer sales	89,744	1,118	90,863	-	90,863
(2) Inter-segment sales	-	74	74	(74)	-
[Total]	89,744	1,193	90,938	(74)	90,863
Costs and expenses	85,221	337	85,559	(74)	85,484
Operating income	4,523	855	5,379	-	5,379

Notes: 1. The given business segments are based on the segmentation for internal management.

2. The main operations in each business segment are as follows:

Business segments	Major products
(1) Printing equipment-related business	Manufacturing and sales of printing equipment
(2) Real estate business and others	Lease of real estate

3. All costs and expenses are allocated to the respective business segments without leaving unallocated ones.

(TRANSLATION FOR REFERENCE ONLY)

[Segment Information by Geographic Area]

- 1st Half of FY 2007 (6 months ended September 30, 2006) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	23,762	6,720	8,415	3,703	42,601	-	42,601
(2) Inter-segment sales	9,710	1	284	4,077	14,074	(14,074)	-
[Total]	33,472	6,721	8,699	7,781	56,675	(14,074)	42,601
Costs and expenses	31,896	6,859	8,523	7,392	54,671	(14,350)	40,321
Operating income (losses)	1,576	(137)	176	388	2,003	276	2,280

- 1st Half of FY 2008 (6 months ended September 30, 2007) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	23,455	6,218	9,656	4,203	43,535	-	43,535
(2) Inter-segment sales	12,007	5	278	4,822	17,114	(17,114)	-
[Total]	35,463	6,224	9,935	9,026	60,649	(17,114)	43,535
Costs and expenses	33,247	6,502	9,769	8,647	58,168	(16,912)	41,255
Operating income (losses)	2,215	(278)	165	379	2,481	(201)	2,279

- FY 2007 (Year ended March 31, 2007) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	50,738	13,396	19,024	7,704	90,863	-	90,863
(2) Inter-segment sales	21,256	153	554	8,730	30,694	(30,694)	-
[Total]	71,994	13,549	19,578	16,435	121,557	(30,694)	90,863
Costs and expenses	67,715	13,943	19,129	15,817	116,605	(31,121)	85,484
Operating income (losses)	4,279	(394)	449	617	4,951	427	5,379

Notes: 1. The above geographic segments are classified by geographic proximity.

2. The main countries included in each geographic segment are as follows:

(1) Americas – U.S. and Canada

(2) Europe – Germany, United Kingdom and France

(3) Asia – China and Thailand

3. All costs and expenses are allocated to the respective geographic segments without leaving unallocated ones.

(TRANSLATION FOR REFERENCE ONLY)

[Overseas Segment Sales Data]

- 1st Half of FY 2007 (6 months ended September 30, 2006) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	6,720	8,586	4,830	20,137
Consolidated net sales (Millions of yen)	-	-	-	42,601
Ratio of overseas sales in consolidated net sales (%)	15.8	20.2	11.3	47.3

- 1st Half of FY 2008 (6 months ended September 30, 2007) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	6,218	9,821	5,376	21,416
Consolidated net sales (Millions of yen)	-	-	-	43,535
Ratio of overseas sales in consolidated net sales (%)	14.3	22.6	12.3	49.2

- FY 2007 (Year ended March 31, 2007) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	13,396	19,263	10,190	42,849
Consolidated net sales (Millions of yen)	-	-	-	90,863
Ratio of overseas sales in consolidated net sales (%)	14.8	21.2	11.2	47.2

- Notes:
1. The above geographic segments are classified by geographic proximity.
  2. The main countries included in each geographic segment are as follows:
    - (1) Americas – U.S. and Canada
    - (2) Europe – Germany, United Kingdom and France
    - (3) Asia – China and Thailand
  3. Overseas sales represent the sales realized outside Japan by the parent company and consolidated subsidiaries.