

## (TRANSLATION FOR REFERENCE ONLY)

The original document of the English report: "Fiscal 2008 Consolidated 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 Earnings Report

May 9, 2008

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  
Inquiries: Nobuo Kawai, Senior Managing Director  
TEL ( 03 ) 5441-6611  
Scheduled date of Regular General Meeting of Shareholders: June 25, 2008  
Scheduled date of Dividend payment commencement: June 26, 2008  
Scheduled date of Securities Report release: June 26, 2008

## 1. Consolidated Results (April 1, 2007 to March 31, 2008)

### (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	%
FY2008	92,621	[ 1.9 ]	5,397	[ 0.3 ]	4,709	[ -8.4 ]	1,657	[ -44.3 ]
FY2007	90,863	[ 3.7 ]	5,379	[ 11.8 ]	5,139	[ 12.9 ]	2,977	[ 38.2 ]

	Net Income Per Share		Diluted Net Income Per Share		Return on Equity	Recurring Income to Total Assets Ratio	Operating Income to Net Sales Ratio
	Yen		Yen		%	%	%
FY2008	62.	73	61.	94	2.4	4.0	5.8
FY2007	112.	12	106.	67	4.2	4.3	5.9

(Ref.) Equity-method loss and gain      FY2008    ¥79 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	
March 31, 2008	114,795		69,796		60.7	2,650.	67
March 31, 2007	121,049		71,354		58.8	2,689.	85

(Ref.) Shareholders' Equity    FY 2008    ¥69,630 million    FY2007    ¥71,188 million

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

	Operating Activities	Investing Activities	Financing Activities	Period-end Cash and Cash Equivalents
FY2008	4,491	-4,489	-1,814	30,427
FY2007	10,053	-6,043	-4,293	32,667

## 2. Dividends

	Dividends per share			Total Dividends (annual)	Dividend Pay-out Ratio (consolidated)	Net Assets-to-dividend ratio (consolidated)
	Interim	Year-end	Total annual			
	Yen	Yen	Yen	Million of yen	%	%
FY2007	-	40.00	40.00	1,058	35.7	1.5
FY2008	-	40.00	40.00	1,050	63.8	1.5
FY2009 (forecast)	-	40.00	40.00	-	29.5	-

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3. Forecast for FY 2009 (April 1, 2008 to March 31, 2009 ) (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	
Interim Results	42,400	-2.6	1,300	-43.0	1,390	-41.1	710	-46.3	27.	03
Year-end Results	93,500	0.9	3,600	-33.3	5,430	15.3	3,560	114.7	135.	52

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 consolidated financial statements (changes in basic important matter for preparation of consolidated financial statements):

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

2. Changes due to reasons other than item 1 above No

(3) Issued shares (Common shares)

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

As of March 31, 2008 28,053,166 shares

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

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

As of March 31, 2008 1,784,156 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.

## (1) Business Results

### 1. Analysis of Results

#### (1) Results of the term under review

The Japanese economy during this consolidated accounting period continued to experience a modest recovery supported by increases in capital investment and steady employment conditions caused by reasonable business results. Nevertheless, soaring crude oil and raw material prices, a drop in stock values and the rise of the yen against the US dollar steered the economy downward towards the end of the period. Looking overseas, a slowdown in the US economy is more and more evident due to a cooling housing market and worsening employment conditions. Europe, on the other hand, is enjoying steady progress buttressed by higher exports and improved hiring conditions. Asia on the whole is experiencing high growth.

Under these economic conditions, the Riso Group (RISO) has operated its business with the acquisition of new customers in its printing equipment-related business as an important concern. During this accounting period, which is the first fiscal period of our third medium-term management plan (RISO Vision 10) to be implemented from March 2008 to March 2010, we have run our operations with a focus on the following five essential objectives:

- Strengthening direct sales and providing RISO dealers with appropriate support
- Revitalizing overseas subsidiaries and implementing their internal reformation
- Establishing the foundation for new businesses
- Aiming higher product quality and increased safety in manufacturing operations
- Establishing and promoting an internal control system

For “Strengthening direct sales and providing RISO dealers with appropriate support”, RISO has proactively sought new domestic mid-career salespersons and reinforced training efforts to bolster sales capabilities. We have also provided strong support to dealers such as by conveying the successful cases of ORPHIS installation by direct sales. “Revitalizing overseas subsidiaries and implementing their internal reformation” entails our elimination and consolidation of sales branches at our US subsidiary and a revision of personnel and business costs. We also infused sales promotion measures aimed at expanding ORPHIS sales at our European sales subsidiaries.

As a result of these activities, net sales were recorded at ¥92,621 million (up 1.9% year-on-year) with operating income at ¥5,397 million (up 0.3% year-on-year), however, recurring income came to ¥4,709 million (down 8.4% year-on-year) due to an increase in non-operating expenses resulting from exchange rate fluctuations. Also, the write-offs of deferred tax assets related to investment securities for which impairment was effectuated and the payment of compensation based on an arbitral award in a dispute in South Korea resulted in net income of ¥1,657 million (down 44.3% year-on-year).

The following are results by business segment.

#### Printing equipment-related business

In the printing equipment-related business, RISO is mainly involved in inkjets business (ORPHIS) and digital duplicating business (RISOGRAPH). The Company managed sales growth in ORPHIS because of satisfactory sales in advanced European countries. Despite an increase in sales in Asia, sales of RISOGRAPH fell below previous year levels due to a decrease in the sale of consumables in Japan, the advanced countries of Europe and the US. As a result, consolidated net sales in the printing equipment-related business came to ¥91,508 million (up 2.0% year-on-year) with operating income at ¥4,526 million (up 0.1% year-on-year).

#### Real estate business and others

RISO is engaged in the real estate business and the insurance agency business principally involving the leasing of our Omotesando building and Shin-Osaka building. Both businesses were in line with plans and net sales were recorded at ¥1,112 million (down 0.5% year-on-year) with operating income at ¥870 million (up 1.8% year-on-year).

The following are business results by geographical segment.

#### Japan (domestic sales and sales to Asian dealers)

Domestically, ORPHIS sales grew buttressed by positive sales of consumables resulting from an increase in the number of machines in the field. For RISOGRAPH, despite an increase in the number of unit installations, sales dropped below the previous year level due to lower sales of consumables. Also, sales to dealers in Asia were roughly the same as the year before. As a result, net sales including the real estate business and others came to ¥50,927 million (up 0.4% year-on-year) with operating income at ¥4,546 million (up 6.3% year-on-year).

#### The Americas (American subsidiaries)

In the Americas, for ORPHIS, the sale of consumables continued favorably due to the acquisition of high-volume print customers. However, RISOGRAPH sales in terms of both printer units and consumables decreased to a level

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below that of the preceding year. As a result, net sales were ¥12,133 million (down 9.4% year-on-year) with an operating loss of ¥1,237 million (the previous fiscal year had an operating loss of ¥394 million).

### Europe (European subsidiaries)

In Europe, ORPHIS sales grew mostly in France and the UK. RISOGRAPH sales were lower than the previous year due to a decrease in the sale of consumables in advanced countries despite an increase in the number of unit installations in Russia and Africa. As a result, net sales were ¥21,149 million (up 11.2% year-on-year) with an operating income of ¥467 million (up 3.9% year-on-year).

### Asia (Asian and Chinese subsidiaries)

In Asia, RISOGRAPH sales were steady surpassing previous year figures mostly in Southeast Asia. As a result, net sales came to ¥8,410 million (up 9.2% year-on-year) with operating income at ¥690 million (up 11.9% year-on-year).

## (2) Business Outlook for the 2009 Fiscal Year

The world economy is expected to continue to expand on the whole in each of its regions, however, there are many causes for concern including soaring crude oil prices, a sluggish US economy and sharp exchange rate fluctuations. Fears abound of an economic downturn.

In this business environment, RISO is working towards further increasing the number of new ORPHIS installation on the market and building a profit base. For RISOGRAPH, although sales are on a decreasing trend in advanced countries, we will focus on the sale of high value-added models such as one-pass two-color printers in those countries in an effort to secure future profits. In emerging markets, efforts will be made to increase profitability through the sale of low-priced machines and our corporate structure will be strengthened.

Our forecast for the full fiscal year is net sales of ¥93,500 million (up 0.9% year-on-year) due to revised exchange rates and operating income of ¥3,600 million (down 33.3% year-on-year) attributable to an increase in selling, general and administrative expenses. Recurring income is expected to be at ¥5,430 million (up 15.3% year-on-year) due to insurance return with net income at ¥3,560 million (up 114.7% year-on-year).

In the above forecast, we use the exchange rate of ¥100 against the US dollar and ¥152 against the Euro.

## 2. Analysis of Financial Position

### (1) Assets, liabilities and net assets

The financial position of the Company at the end of the consolidated accounting period under review compared to the previous year is as follows;

Both total and net assets dropped ¥6,254 million and ¥1,558 million, respectively.

The main changes in the assets portion include the ¥4,233 million increase in marketable securities and the ¥3,180 million increase in land in contrast to the decrease in cash and cash equivalents of ¥4,658 million, the decrease in notes and accounts receivable of ¥1,422 million, the decrease in inventories of ¥936 million and the decrease in investment in securities of ¥4,987 million. In the liabilities portion, notes and accounts payable were down ¥1,239 million.

### (2) Cash Flows

Period-end cash and cash equivalents (“cash”) on a consolidated base decreased ¥2,239 million year-on-year to ¥30,427 million.

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

#### (Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥4,491 million (down 55.3% year-on-year). This is mainly attributable to income before income taxes of ¥4,370 million, depreciation of ¥2,772 million, a decrease in accounts receivable of ¥994 million and income taxes paid of ¥2,605 million.

#### (Cash Flows from Investing Activities)

Net cash used in investing activities was ¥4,489 million (down 25.7% year-on-year), primarily the result of revenue of ¥4,495 million from proceeds of the sale of marketable securities, an expense of ¥4,699 million for the acquisition of tangible fixed assets and an expense of ¥3,012 million for the purchase of investment securities.

#### (Cash Flows from Financing Activities)

Net cash used in financing activities was ¥1,814 million (down 57.8% year-on-year). The result mainly reflects an expenditure of ¥816 million for payments for the redemption of corporate bonds and an outlay of ¥1,058 million for cash dividends.

## 3. Basic Policy for Earning Distribution and Current and Next Period Dividends

**(TRANSLATION FOR REFERENCE ONLY)**

Our basic policy for the distribution of earnings to shareholders is the allocation of an appropriate portion of earnings as a dividend in accordance with business results while retaining the means to strengthen the corporate structure. RISO will strive to provide a stable dividend based on this policy. Also, we regard the repurchasing of shares as a measure for allocating earnings to shareholders effectuated taking into account stock price levels and market trends. In the period under review, 196,000 shares were repurchased from the market at ¥341 million. The elimination of treasury stock is planned to take place on a timely basis with a keen eye on the balance of shares held and the capital adequacy policy. Retained earnings will be used to fortify our financial structure and to effectuate capital investments and R&D activities in hopes of enhancing results.

Despite a net loss in non-consolidated results, the dividend for the period under review is planned at ¥40 per share based on our stable dividend policy and taking into consideration our financial position and next fiscal period forecasts. The next fiscal period dividend, expected to be ¥40 per share, will only entail a period-end distribution, as in the period under review.

## **(2) Status of the Corporate Group**

The Riso Group (RISO) consists of Riso Kagaku Corporation (the parent company), 26 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.

### **(3) Management Policies**

#### 1. Basic Managerial Policies and Medium to Long-Term Business Strategy

RISO has formulated its medium-term management plan (RISO Vision 10), whose final fiscal period ends in March 2010, and it has also undertaken the following 6 actions as basic measures for establishing a growth platform for its inkjet business and securing profits in the digital duplicating business, RISO's core competency.

<Basic Policies in the 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 mainly uses consolidated net sales and the ratio of consolidated operating income over net sales as business indicators. In the medium-term business plan now being undertaken, we aim for a consolidated net sales figure of ¥100 billion with a ratio of consolidated operating income over net sales of 10% in the period ending March 2010. However, as a result of a constricted digital duplicating business and an ever increasing yen against the US dollar on the foreign exchange market, the Company does not at this juncture envision that the attainment of a 10% ratio of consolidated operating income over net sales in the period ending March 2010 will be an easy task. We will continue to strive for a ¥100 billion consolidated sales figure in said period and work towards improving conditions regarding the consolidated operating income over net sales ratio.

#### 3. Issues to address

The following 4 items are important issues to be faced by RISO over the next period.

- (1) Executing product development with the next generation in mind
- (2) Establishing a profit base in the inkjet business
- (3) Securing profit in the digital duplicating business
- (4) Revitalizing overseas subsidiaries and implementing their internal reformation

**(4) Consolidated Financial Statements****[1] Consolidated Balance Sheets**

Item	Ref. no.	FY 2007 ( As of Mar. 31, 2007 )		FY 2008 ( As of Mar. 31, 2008 )		Y-O-Y Change
		Amount ( Millions of yen )	(%)	Amount ( Millions of yen )	(%)	Amount (Millions of yen)
<b>(ASSETS)</b>						
Current assets						
1. Cash and deposits		29,572		24,913		(4,658)
2. Notes and accounts receivable		17,570		16,147		(1,422)
3. Marketable securities		8,040		12,273		4,233
4. Inventories		13,914		12,977		(936)
5. Deferred tax assets (short)		2,782		2,670		(111)
6. Others		1,977		1,709		(268)
Allowance for doubtful receivables (short)		(238)		(311)		(73)
Total current assets		73,619	60.8	70,381	61.3	(3,237)
Fixed assets						
1. Tangible fixed assets						
(1) Buildings and structures		18,515		18,538		
Less-Accumulated depreciation		(10,493)	8,022	(10,862)	7,676	(346)
(2) Machinery, equipment and vehicles		8,304		7,902		
Less-Accumulated depreciation		(6,321)	1,982	(6,247)	1,655	(326)
(3) Tools, furniture and fixtures		16,670		16,662		
Less-Accumulated depreciation		(14,956)	1,714	(15,164)	1,497	(216)
(4) Land			14,873		18,053	3,180
(5) Construction in progress			65		24	(41)
(6) Others		13,437		12,613		
Less-Accumulated depreciation		(8,799)	4,637	(8,505)	4,107	(530)
Total tangible fixed assets			31,296		33,014	1,718
2. Intangible fixed assets						
(1) Software			1,774		1,807	32
(2) Goodwill			296		137	(158)
(3) Others			388		363	(24)
Total intangible fixed assets			2,459		2,309	(150)
			25.9		28.8	
			2.0		2.0	



Item	Ref. no.	FY 2007 ( As of Mar. 31, 2007 )		FY 2008 ( As of Mar. 31, 2008 )		Y-O-Y Change
		Amount ( Millions of yen )	(%)	Amount (Millions of yen)	(%)	Amount (Millions of yen)
3. Investments and other securities						
(1) Investment in securities		7,266		2,279		(4,987)
(2) Long-term advances		209		299		90
(3) Deferred tax assets (long)		848		1,217		368
(4) Others		6,157		5,559		(597)
Allowance for doubtful receivables (long)		(807)		(265)		541
Total investments and other securities		13,674	11.3	9,089	7.9	(4,584)
Total fixed assets		47,430	39.2	44,413	38.7	(3,016)
Total assets		121,049	100.0	114,795	100.0	(6,254)
<b>(LIABILITIES)</b>						
Current liabilities						
1. Notes and accounts payable		15,444		14,205		(1,239)
2. Short-term loans		5,805		5,389		(415)
3. Long-term bank borrowings due within one year		9		9		0
4. Current portion of convertible bonds		-		13,286		13,286
5. Accrued taxes		1,695		942		(752)
6. Accrued bonuses		1,680		1,559		(120)
7. Accrued directors' bonuses		50		28		(21)
8. Accrued warranty costs		103		125		22
9. Others		6,704		5,925		(778)
Total current liabilities		31,492	26.1	41,472	36.1	9,980
Long-term liabilities						
1. Convertible bonds		14,091		-		(14,091)
2. Long-term bank borrowings		104		98		(5)
3. Employees' retirement allowances		3,111		2,785		(325)
4. Directors' retirement allowances		290		229		(61)
5. Equity-method debt		472		226		(245)
6. Others		133		185		52
Total long-term liabilities		18,202	15.0	3,526	3.1	(14,676)
Total liabilities		49,694	41.1	44,998	39.2	(4,696)

Item	Ref. no.	FY 2007 ( As of Mar. 31, 2007 )		FY 2008 ( As of Mar. 31, 2008 )		Y-O-Y Change
		Amount ( Millions of yen )	(%)	Amount (Millions of yen)	(%)	Amount (Millions of yen)
<b>(NET ASSETS)</b>						
Shareholders' Equity						
1. Common stock		14,114	11.7	14,114	12.3	-
2. Capital surplus		14,779	12.2	14,779	12.9	-
3. Retained earnings		42,532	35.1	43,131	37.6	599
4. Treasury stock		(2,868)	(2.4)	(3,210)	(2.8)	(342)
Total shareholders' equity		68,557	56.6	68,815	60.0	257
Other comprehensive income						
1. Net unrealized holding gains or losses on securities		1,706	1.4	831	0.7	(875)
2. Foreign currency translation adjustments		923	0.8	(16)	(0.0)	(939)
Total other comprehensive income		2,630	2.2	815	0.7	(1,814)
Minority interests		166	0.1	165	0.1	(0)
Total net assets		71,354	58.9	69,796	60.8	(1,558)
Total liabilities and net assets		121,049	100.0	114,795	100.0	(6,254)

[2] Consolidated Statements of Income

Item	Ref. no.	FY 2007 (Year ended Mar. 31, 2007)		FY 2008 (Year ended Mar. 31, 2008)		Y-O-Y Change		
		Amount ( Millions of yen )		(%)	Amount (Millions of yen)		(%)	Amount (Millions of yen)
Net sales			90,863	100.0		92,621	100.0	1,757
Cost of sales			44,452	48.9		45,624	49.3	1,172
Gross profit			46,410	51.1		46,996	50.7	585
Selling, general and administrative expenses			41,031	45.2		41,598	44.9	566
Operating income			5,379	5.9		5,397	5.8	18
Other income								
1. Interest income		187			341			
2. Dividend income		66			42			
3. Equity method gains		81			79			
4. Others		400	736	0.8	485	950	1.0	214
Other expenses								
1. Interest expenses		623			579			
2. Exchange losses		133			875			
3. Losses on disposal of fixed assets		117			99			
4. Others		101	975	1.0	83	1,638	1.7	662
Recurring income			5,139	5.7		4,709	5.1	(429)
Extraordinary Loss								
1. Compensation for damage		-	-	-	339	339	0.4	339
Income before income taxes			5,139	5.7		4,370	4.7	(768)
Corporate income tax and other tax expenses		2,083			1,889			
Corporate income tax and other tax adjustments		68	2,151	2.4	810	2,699	2.9	548
Minority interest in net income of consolidated subsidiaries			10	0.0		12	0.0	2
Net income			2,977	3.3		1,657	1.8	(1,319)

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## [3] Consolidated Statements of Shareholders' Equity

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

	FY 2007 (Year ended Mar. 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 items 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

	FY 2007 (Year ended Mar. 31, 2007)				
	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)	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 items 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

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FY 2008 (April 1, 2007 to March 31, 2008 )

	FY 2008 (Year ended Mar. 31, 2008)				
	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			(1,058)		(1,058)
Net income			1,657		1,657
Purchase of treasury stock				(342)	(342)
Changes in items other than shareholders' equity during the period					
Total changes of the period	-	-	599	(342)	257
Balance March 31, 2008	14,114	14,779	43,131	(3,210)	68,815

	FY 2008 (Year ended Mar. 31, 2008)				
	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 )	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					(1,058)
Net income					1,657
Purchase of treasury stock					(342)
Changes in items other than shareholders' equity during the period	(875)	(939)	(1,814)	(0)	(1,815)
Total changes of the period	(875)	(939)	(1,814)	(0)	(1,558)
Balance March 31, 2008	831	(16)	815	165	69,796

## [4] Consolidated Statements of Cash Flows

		FY 2007 (Year ended Mar. 31, 2007)	FY 2008 (Year ended Mar. 31, 2008)	Y-O-Y Change
Item	Ref. no.	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount (Millions of yen)
Cash flows from operating activities				
Income before income taxes		5,139	4,370	
Depreciation		2,767	2,772	
Depreciation of goodwill		84	141	
Equity method losses (gains)		(81)	(79)	
Increase (decrease) in employees' retirement allowances		48	(325)	
Increase (decrease) in directors' retirement allowances		43	(61)	
Increase (decrease) in accrued directors' bonuses		50	(21)	
Increase (decrease) in allowance for doubtful receivables		(279)	(391)	
Interest and dividends income		(254)	(384)	
Interest expenses		623	579	
Exchange losses		183	36	
Compensation Payments		-	339	
Decrease in accounts receivable		77	994	
Decrease (increase) in inventories		1,616	(31)	
Increase (decrease) in accounts payable		1,926	(477)	
Increase (decrease) in accrued expenses		623	(25)	
Directors' bonuses paid		(33)	-	
Others, net		65	201	
Subtotal		12,601	7,637	(4,964)
Interest and dividends received		249	383	
Interest paid		(633)	(583)	
Compensation paid		-	(339)	
Income taxes paid		(2,165)	(2,605)	
Net cash provided by operating activities		10,053	4,491	(5,561)

## (TRANSLATION FOR REFERENCE ONLY)

		FY 2007 (Year ended Mar. 31, 2007)	FY 2008 (Year ended Mar. 31, 2008)	Y-O-Y Change
Item	Ref. no.	Amount ( Millions of yen )	Amount ( Millions of yen )	Amount (Millions of yen)
Cash flows from investing activities				
Increase in time deposits		(891)	(1,881)	
Decrease in time deposits		12	1,504	
Payments for purchase of marketable securities		(2,500)	(300)	
Proceeds from sale of marketable securities		2,300	4,495	
Payments for acquisition of tangible fixed assets		(1,442)	(4,699)	
Payments for acquisition of intangible fixed assets		(940)	(786)	
Payments for purchase of investment securities		(3,000)	(3,012)	
Proceeds from sale of investment securities		600	509	
Increase in loans receivable		(27)	(168)	
Decrease in loans receivable		86	69	
Others, net		(240)	(219)	
Net cash used in investing activities		(6,043)	(4,489)	1,553
Cash flows from financing activities				
Net increase (decrease) in short-term loans		(559)	403	
Proceeds from long-term bank borrowings		8	24	
Repayments of long-term bank borrowings		(60)	(24)	
Payments for redemption of corporate bonds		(2,631)	(816)	
Payments for purchase of treasury stock		(254)	(341)	
Cash dividends paid		(796)	(1,058)	
Others, net		0	(0)	
Net cash used in financing activities		(4,293)	(1,814)	2,479
Effect of exchange rate changes on cash and cash equivalents		252	(427)	(680)
Increase (decrease) in cash and cash equivalents		(30)	(2,239)	(2,208)
Cash and cash equivalents, beginning of year		32,697	32,667	(30)
Cash and cash equivalents, end of year		32,667	30,427	(2,239)

## Segment Information

[Segment Information by Business]

- FY 2007 (Year ended Mar. 31, 2007) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)					
(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 (loss)	4,523	855	5,379	-	5,379
2. Assets, depreciation and capex					
Assets	120,135	14,396	134,531	(13,482)	121,049
Depreciation	5,053	168	5,222	-	5,222
Capital expenditure	5,594	0	5,594	-	5,594

- FY 2008 (Year ended Mar. 31, 2008) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)					
(1) External customer sales	91,508	1,112	92,621	-	92,621
(2) Inter-segment sales	-	76	76	(76)	-
[Total]	91,508	1,188	92,697	(76)	92,621
Costs and expenses	86,981	318	87,299	(76)	87,223
Operating income (loss)	4,526	870	5,397	-	5,397
2. Assets, depreciation and capex					
Assets	113,538	14,214	127,752	(12,957)	114,795
Depreciation	5,297	154	5,452	-	5,452
Capital expenditure	8,278	-	8,278	-	8,278

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

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

- (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.

4. All assets are allocated to the respective business segments without holding all-segment-covering ones.



(TRANSLATION FOR REFERENCE ONLY)

[Segment Information by Geographic Area]

- FY 2007 (Year ended Mar. 31, 2007) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)							
(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
2. Assets	114,223	9,650	12,117	8,497	144,487	(23,438)	121,049

- FY 2008 (Year ended Mar. 31, 2008) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)							
(1) External customer sales	50,927	12,133	21,149	8,410	92,621	-	92,621
(2) Inter-segment sales	24,763	6	530	8,952	34,253	(34,253)	-
[Total]	75,691	12,139	21,679	17,363	126,874	(34,253)	92,621
Costs and expenses	71,144	13,377	21,212	16,673	122,407	(35,184)	87,223
Operating income (losses)	4,546	(1,237)	467	690	4,467	(930)	5,397
2. Assets	109,842	7,265	14,028	7,656	138,792	(23,997)	114,795

Note: 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.

4. All assets are allocated to the respective geographic segments without holding all-segment-covering ones.

[Overseas Segment Sales Data]

- FY 2007 (Year ended Mar. 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

- FY 2008 (Year ended Mar. 31, 2008) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	12,133	21,528	10,711	44,373
Consolidated net sales (Millions of yen)	-	-	-	92,621
Ratio of overseas sales in consolidated net sales (%)	13.1	23.2	11.6	47.9

Note: 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