Fiscal 2007 Consolidated Interim Earnings Report

November 2, 2006

Company Name: RISO KAGAKU CORPORATION
Listed Market: JASDAQ
Stock Code: 6413
Headquarters: Tokyo
(URL: http://www.riso.co.jp/)
Representative Director: Akira Hayama, President & CEO
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Board Meeting held to Approve the Results: November 2, 2006
US GAAPs Applied: No

1. Consolidated Interim Results (April 1, 2006 to September 30, 2006)

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

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Half of FY2007	42,601	[6.4]	2,280	[41.9]	2,250	[44.6]
1st Half of FY2006	40,040	[2.8]	1,606	[- 42.5]	1,556	[- 45.5]
FY 2006	87,601		4,812		4,552	

	Net Income		Net Income Per Share	Diluted Net Income Per Share
	Millions of yen	%	Yen	Yen
1st Half of FY2007	1,292	[63.1]	48. 64	46. 51
1st Half of FY2006	792	[-50.8]	59. 49	58. 89
FY 2006	2,154		79. 76	77. 22

(Notes)

1. Equity-method loss and gain (millions of yen): 10 in 1st Half of FY2007, - 119 in 1st Half of FY2006, and - 222 in FY2006
2. Average no. of outstanding shares (Consolidated): 26,565,639 shares in 1st Half of FY2007
   13,316,987 shares in 1st Half of FY2006, and
   26,599,873 shares in FY2006
3. Changes in accounting standards: No
4. Percentage figures for net sales, operating income, recurring income and net income represent year-on-year changes.
5. Effective November 18, 2005, each share of common stock was split into two shares. The net income per share and the net income per share after adjustment of potential common shares (diluted net income per share) for 1st Half of FY2006 were calculated assuming that the stock split was conducted at the beginning of the term. Assuming that the stock split was conducted at the beginning of the term ended March 2006, net income per share will become 29.74 yen, and the diluted net income per share will become 29.45 yen for 1st Half of FY 2006.

(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, 2006	118,434	69,623	58.7	2,614. 87
Sept. 30, 2005	113,440	66,356	58.5	4,995. 63
March 31, 2005	118,446	68,978	58.2	2,595. 28

(Notes)

1. No. of shares issued (Consolidated): 26,565,534 shares on Sept. 30, 2006, 13,282,812 shares on Sept. 30, 2005, and 26,565,690 shares on Mar. 31, 2006
2. The Company conducted a 2-for-1 stock split for its common shares on November 18, 2005. Assuming that the stock split was conducted during 1st Half of FY 2006, net assets per share will become ¥2,497.82.

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

	Operating Activities	Investing Activities	Financing Activities	Period-end Cash and Cash Equivalents
1st Half of FY2007	5,549	- 1,608	- 1,843	34,874
1st Half of FY2006	1,680	- 3,461	3	31,829
FY2006	6,365	- 6,539	- 903	32,697

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 23 Equity-method non-consolidated subsidiaries: 0
Equity-method affiliates: 1

(5) Changes in Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: (New) 0 / (Excluded) 3 Equity-method affiliates: (New) 0 / (Excluded) 0

2. Forecast for FY 2007 (April 1, 2006 to March 31, 2007) (Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
Year-end Results	90,900	5,220	3,120

(Remarks) Projected net income per share at year-end: 117.45 yen

(Notes)

The above forecasts are based on beliefs and assumptions of management in light of information currently available to it at the time of announcement and are subject to a number of uncertainties that may affect future results. A number of factors could cause actual results to differ materially from forecasts. Please refer to Page 7 for an explanation of the assumptions and factors upon which the forecasts are based.

Note:
The financial information appearing in this report is a translation of the original Japanese text into English and according to accounting standards and practices in Japan.

(1) Group Organization Structure

The Riso Group (RISO) consists of Riso Kagaku Corporation (the parent company), 24 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.
RISO INDUSTRIES (H.K.) LTD.

(Note) RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION were merged with the Company and liquidated on May 1, 2006.

(2) Management Policies

1. Basic Management Policies

To expand profit in our core business “digital duplicating” and establish a foundation for growth through a new business “ink jet printing,” RISO has made a medium-term management plan, whose closing term is FY2007, and has been operating business accordingly.
The basic objectives of the medium-term management plan, Riso Vision 07, are as follows.
(1) Accelerating new product development and strengthening development system;
(2) Making challenges for further expansion of digital duplicating business;
(3) Establishing a new inkjet printing business;
(4) Building the production and distribution system enabling low operation cost and inventory level;
(5) Fostering human resources capable of leading our future growth; and
(6) Operating business in compliance with the law and consideration of the environment.

2. Basic Policy for Earning Distribution

Our basic policy for earning distribution is to allocate an appropriate portion of earnings for a dividend in accordance with business results while retaining the remains to strengthen the corporate structure.
Following the above basic policy, we try to maintain appropriate dividend distribution in future as well. Besides, we regard share repurchase as a measure for allocation of earnings to shareholders. Regarding retained earnings, we will use them to enhance the operating results through improvement of the balance sheet, capital investment and research and development.
We are going to propose at the next ordinary general meeting of shareholders a plan to increase our dividend for the year ending March 31, 2007 by 5 yen to respond to shareholders’ ongoing support, and propose adding a commemorative dividend of 5 yen to celebrate our 60th anniversary, thus distributing a dividend of 40 yen per share.

3. Management Objectives

In the term ending March 2007, the final year in our medium-term management plan, we are operating our business focusing on the following four points in order to reform every aspect of corporate management, with the aim of transforming our business structure:

(i) Increasing market share and improving profitability in the digital duplicating business
(ii) Accelerating sales of ORPHIS (RISO) HC series
(iii) Reorganizing operations of the U.S. subsidiary
(iv) Accelerating new product developments and advancement of new business projects

RISO will aim to enhance own business performance by promoting the above-listed measures.
Consolidated sales are expected to stand at ¥90.9 billion and the ratio of consolidated operating profit to consolidated sales is expected to become 6.0% compared with the initial targets of the medium-term management plan, which are consolidated sales of ¥100.0 billion and a ratio of consolidated operating profit to consolidated sales of 10%.

4. Parent-company-related Issues

None

5. Other important matters concerning the management of the Company

None

Please refer to the Corporate Governance Report for information on the basic corporate governance and procedures and on the establishment and management of internal control systems.

(3) Business Results and Financial Positions

1. Business Results

The Japanese economy during this consolidated interim accounting period continued to experience a recovery, despite soaring prices of crude oil and other materials and concerns about rising interest rates associated with the end of the regime of zero interest rates. Turning overseas, the US economy continued to achieve stable growth although business confidence declined slowly. The European economies seemed to peak with the strong euro but conditions remained favorable. Asian economies, especially in China and India, sustained a growth track, although the Indonesian and Thai economies continued to experience weak domestic demand.
In this operating environment, the Group launched RISOGRAPH MZ970, an advanced model in the MZ series of one-pass two-color printers, which achieved a high resolution of 600dpi. As for ORPHIS, we introduced a count charge system for reducing installation costs and launched ORPHIS HC5500A, a specialist machine for the system, to broaden the base of the market and to respond to the demands of increasing numbers of customers for color printing.
As a result of these activities, net sales rose ¥2,560 million, to ¥42,601 million (up 6.4% year-on-year), thanks to the favorable impact of foreign exchange and increased sales of ORPHIS, operating income was ¥2,280 million (up 41.9%), recurring income stood at ¥2,250 million (up 44.6%), and net income was ¥1,292 million (up 63.1%).

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.
Sales of RISOGRAPH printers in Japan were strong, partly because of the introduction of one-pass two-color printers. Sales of consumables (ink and masters) remained almost the same as the year-ago level. In advanced countries overseas, demand saw sluggish growth, and in China sales were below the year-ago level in the face of fiercer competition.
ORPHIS printers sold well in the domestic market, and sales increased in overseas markets, especially in the United States and Europe. Sales related to ORPHIS, launched three years ago, were ¥5.9 billion (¥3.5 billion in Japan and ¥2.4 billion overseas).
As a result, sales in the printing equipment-related business were ¥42,042 million (up 6.5% year-on-year). Operating income was ¥1,856 million (up 58.0%).

(2) Real estate business and others

RISO operates a real estate business and an insurance agency business, principally involving the lease of our Omotesando building and Shin-Osaka building.
Both the real estate business and insurance agency business were in line with plans. Sales in the real estate business and others were ¥558 million (up 0.8% year-on-year), while operating income was ¥423 million (down 2.0%).

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

(1) Japan - Total domestic sales and Asian dealer sales

Domestic sales of RISOGRAPH were almost on a par with the results of the previous year, while domestic sales of ORPHIS rose steadily. Shipments to Asian dealers were also favorable. Sales in these areas (including the real estate business and others) were consequently ¥23,762 million (up 7.2% year-on-year).
Operating income, meanwhile, fell to ¥1,576 million (down 14.3%), reflecting an increase in selling, general and administrative expenses.

(2) The Americas - Total American subsidiaries' sales

Sales in the Americas rose to ¥6,720 million (up 9.7%) thanks to the favorable impact of foreign exchange and the launch of new products.

However, we posted an operating loss of ¥137 million due to a decrease in gross profit on sales caused by a decline in the average sales price.

(3) Europe - Total European subsidiaries' sales

Although RISOGRAPH sales were below the year-ago level in developed countries in Europe, ORPHIS sales, especially sales of our French subsidiary, were higher. Overall, sales rose to ¥8,415 million (up 6.8%), partly due to the positive effect of foreign exchange.
Operating income increased to ¥176 million (up 36.6%) thanks to the robust performance of our South African subsidiary.

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

Sales in Southeast Asia were as planned, but in China sales declined from the year-ago level because of tougher competition in sales of RISOGRAPH printers. As a result, sales overall decreased to ¥3,703 million (down 4.5%).
Operating income, in contrast, increased to ¥388 million (up 10.3%), thanks to sales initiatives that placed the emphasis on profit.

2. Financial Positions

Financial positions at the end of the consolidated interim accounting period changed from the end of the preceding accounting period, as follows:
Total assets fell by ¥11 million, while net assets rose by ¥495 million. The equity ratio was consequently 58.7%.
Main changes in assets were increases of ¥1,705 million and ¥3,460 million in cash and deposits and marketable securities, respectively, and decreases of ¥2,365 million in notes and accounts receivable and ¥3,582 million in investment in securities. Among liabilities, notes and accounts payable increased by ¥1,074 million, and convertible bonds decreased by ¥1,000 million.

Interim Consolidated Cash Flows

Consolidated cash and cash equivalents at the end of the interim period increased by ¥2,176 million from the end of the preceding accounting period, to ¥34,874 million.

The cash flows from the respective categorized activities in this interim period are described below, including their contributing factors.

Cash Flows from Operating Activities

Net cash acquired from operating activities were ¥5,549 million (up 230.1% year-on-year). This is mainly attributable to income before income taxes of ¥2,250 million, depreciation of ¥1,342 million, a decrease in account receivables of ¥2,602 million, an increase in accounts payable of ¥966 million, and income taxes paid of ¥1,435 million.

Cash Flows from Investing Activities

Net cash used for investment activities were ¥1,608 million (down 53.5%), primarily the result of revenue of ¥1,000 million from proceeds from sale of marketable securities, an expense of ¥1,000 million for payments for the purchase of marketable securities, and an expense of ¥840 million for payments for the acquisition of tangible fixed assets.

Cash Flows from Financing Activities

Net cash used for financing activities were ¥1,843 million (compared with an inflow of ¥3 million in the same period of the previous fiscal year). The result mainly reflects an expenditure of ¥1,017 million for payments for the redemption of corporate bonds and an outlay of ¥796 million for cash dividends.

3. Business Outlook in Fiscal Year 2007

The Japanese economy is expected to continue to recover slowly, supported by continuing active capital spending. Overseas markets are also likely to remain favorable, although there is concern about a slowing US economy.

In this environment, RISO is committed to dealing with priority issues in its medium-term management plan (Riso Vision 07), mentioned above.

We will bolster the earnings potential of RISOGRAPH by expanding sales of one-pass two-color printers and we will also strengthen our business structure. We intend to expand sales of ORPHIS by rolling out the count charge system. Although the US subsidiary is still confronting a challenging situation, we will endeavor to increase sales by selling high-end machines such as one-pass two-color printers while at the same time reducing selling, general and administrative expenses.

For the entire accounting period, we plan to post sales of ¥90,900 million (up 3.8% year-on-year), recurring income of ¥5,220 million (up 14.7%), and net income of ¥3,120 million (up 44.8%).

In the above prospect, we use the exchange rate of ¥115 against the US dollar and ¥146 against the Euro.

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) 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.

(6) 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.

(7) 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.

(8) 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.

(9) 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.

(10)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.

(11) 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.

(12) 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.

(4) Interim Consolidated Financial Statements

[1] Interim Consolidated Balance Sheets

	1st Half of FY 2006 (As of Sept. 30, 2005)			1st Half of FY 2007 (As of Sept. 30, 2006)			Y-O-Y Change	FY 2006 (As of Mar. 31, 2006)		
Item	Amount (Millions of yen)		(%)	Amount (Millions of yen)		(%)	Amount (Millions of yen)	Amount (Millions of yen)		(%)
(ASSETS)										
Ⅰ Current assets										
1. Cash and deposits		30,298			32,440				30,734	
2. Notes and accounts receivable		15,117			14,552				16,917	
3. Marketable securities		1,876			6,771				3,311	
4. Inventories		15,161			14,991				15,037	
5. Deferred tax assets (short)		2,434			2,510				2,717	
6. Others		1,664			1,673				1,421	
Allowance for doubtful receivables (short)		(1,263)			(244)				(294)	
Total current assets		65,289	57.6		72,695	61.4	7,406		69,846	59.0
Ⅱ Fixed assets										
1. Tangible fixed assets										
(1) Buildings and structures	8,521			8,187				8,333		
(2)Machinery, equipment and vehicles	1,975			1,891				1,847		
(3) Tools, furniture and fixtures	2,622			2,010				2,313		
(4) Land	14,899			14,873				14,873		
(5) Construction in progress	37			49				53		
(6) Others	4,825	32,882		4,913	31,925		(956)	4,614	32,037	
2. Intangible fixed assets										
(1) Goodwill	—			340				—		
(2)Trade rights	368			—				363		
(3)Software	1,133			1,714				1,403		
(4) Adjustment on consolidated accounts	15			—				6		
(5) Others	698	2,216		370	2,425		209	559	2,332	
3. Investments and other securities										
(1) Investment in securities	7,234			5,122				8,704		
(2) Long-term advances	291			258				284		
(3) Deferred tax assets (long)	1,103			743				616		
(4) Others	4,495			6,217				5,656		
Allowance for doubtful receivables (long)	(71)	13,053		(952)	11,388		(1,664)	(1,030)	14,229	
Total fixed assets		48,151	42.4		45,739	38.6	(2,412)		48,599	41.0
Total assets		113,440	100.0		118,434	100.0	4,994		118,446	100.0

Item	1st Half of FY 2006 (As of Sept. 30, 2005) Amount (Millions of yen)	(%)	1st Half of FY 2007 (As of Sept. 30, 2006) Amount (Millions of yen)	(%)	Y-O-Y Change Amount (Millions of yen)	FY 2006 (As of Mar. 31, 2006) Amount (Millions of yen)	(%)
(LIABILITIES)							
Ⅰ Current liabilities							
1. Notes and accounts payable	11,820		14,224			13,150	
2. Short-term loans	6,713		6,315			6,305	
3. Long-term bank borrowings due within one year	69		19			51	
4. Accrued taxes	704		997			1,774	
5. Accrued bonuses	1,555		1,579			1,680	
6. Accrued directors' bonuses	—		17			—	
7. Accrued warranty costs	65		86			80	
8. Others	4,942		5,567			5,406	
Total current liabilities	25,870	22.8	28,807	24.3	2,936	28,449	24.0
Ⅱ Long-term liabilities							
1. Convertible bonds	16,915		15,675			16,675	
2. Long-term bank borrowings	127		109			112	
3. Employees' retirement allowances	3,007		3,079			3,062	
4. Directors' retirement allowances	223		266			246	
5. Equity-method debt	481		557			460	
6. Others	318		315			312	
Total long-term liabilities	21,073	18.6	20,004	16.9	(1,069)	20,869	17.7
Total liabilities	46,943	41.4	48,811	41.2	1,867	49,318	41.7
(MINORITY INTERESTS)							
Minority interests	141	0.1	—	—	(141)	149	0.1
(SHAREHOLDERS' EQUITY)							
Ⅰ Common stock	14,114	12.5	—	—	(14,114)	14,114	11.9
Ⅱ Capital surplus	14,779	13.0	—	—	(14,779)	14,779	12.5
Ⅲ Retained earnings	39,021	34.4	—	—	(39,021)	40,384	34.1
Ⅳ Net unrealized holding gains or losses on securities	1,488	1.3	—	—	(1,488)	2,205	1.8
Ⅴ Foreign currency translation adjustments	(434)	(0.4)	—	—	434	108	0.1
Ⅵ Treasury stock	(2,614)	(2.3)	—	—	2,614	(2,614)	(2.2)
Total shareholders' equity	66,356	58.5	—	—	(66,356)	68,978	58.2
Total liabilities, minority interests and shareholders' equity	113,440	100.0	—	—	(113,440)	118,446	100.0
(Net Asset)							
Ⅰ Shareholders' Equity							
1. Common stock	—	—	14,114	11.9	14,114	—	—
2. Capital surplus	—	—	14,779	12.5	14,779	—	—
3. Retained earnings	—	—	40,846	34.5	40,846	—	—
4. Treasury Stock	—	—	(2,614)	(2.2)	(2,614)	—	—
Total shareholders' equity	—	—	67,126	56.7	67,126	—	—
Ⅱ Other comprehensive income							
1. Net unrealized holding gains or losses on securities	—	—	1,916	1.6	1,916	—	—
2. Foreign currency translation adjustments	—	—	422	0.4	422	—	—
Total other comprehensive income	—	—	2,338	2.0	2,338	—	—
Ⅲ Minority interests	—	—	157	0.1	157	—	—
Total net assets	—	—	69,623	58.8	69,623	—	—
Total liabilities and net assets	—	—	118,434	100.0	118,434	—	—

[2] Interim Consolidated Statements of Income

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005) Amount (Millions of yen)		(%)	1st Half of FY 2007 (6 months ended Sept. 30, 2006) Amount (Millions of yen)		(%)	Y-O-Y Change Amount (Millions of yen)	FY 2006 (Year ended Mar. 31, 2006) Amount (Millions of yen)		(%)
Ⅰ Net sales		40,040	100.0		42,601	100.0	2,560		87,601	100.0
Ⅱ Cost of sales		18,898	47.2		20,635	48.4	1,736		42,351	48.3
Gross profit		21,141	52.8		21,966	51.6	824		45,249	51.7
Ⅲ Selling, general and administrative expenses		19,534	48.8		19,685	46.2	151		40,437	46.2
Operating income		1,606	4.0		2,280	5.4	673		4,812	5.5
Ⅳ Other income										
1. Interest income	46			72				106		
2. Dividend income	55			48				70		
3. Equity method gains	—			10				—		
4. Exchange profits	97			46				183		
5. Insurance reimbursement receivable	—			53				—		
6. Gains on sale of investment securities	82			—				82		
7. Others	164	447	1.1	122	354	0.8	(92)	353	798	0.9
Ⅴ Other expenses										
1. Interest expenses	275			311				601		
2. Equity method losses	119			—				222		
3. Losses on sale of fixed assets	34			43				135		
4. Others	68	497	1.2	29	383	0.9	(113)	98	1,058	1.2
Recurring income		1,556	3.9		2,250	5.3	694		4,552	5.2
Ⅵ Extraordinary Loss										
1. Impairment losses	—	—		—	—		—	25	25	0.0
Income before income taxes		1,556	3.9		2,250	5.3	694		4,527	5.2
Corporate income tax and other tax expenses	775			667				2,642		
Corporate income tax and other tax adjustments	(18)	757	1.9	285	952	2.3	195	(277)	2,364	2.7
Minority interest in net income of consolidated subsidiaries		6	0.0		5	0.0	(1)		7	0.0
Net income		792	2.0		1,292	3.0	500		2,154	2.5

[3] Interim Consolidated Surplus Statements and Interim Consolidated Statements of Shareholders' Equity

Interim Consolidated Surplus Statements

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005) Amount (Millions of yen)		FY 2006 (Year ended Mar. 31, 2006) Amount (Millions of yen)	
(CAPITAL SURPLUS)				
Ⅰ Capital surplus brought forward		14,779		14,779
Ⅱ Increases				
1. Gains on retirement of treasury stock	–		0	
2. Issuance of new stocks converted from convertible bond	–	–	0	0
Ⅲ Capital surplus carried forward		14,779		14,779
(RETAINED EARNINGS)				
Ⅰ Retained earnings brought forward		39,078		39,078
Ⅱ Increases				
1. Net income	792	792	2,154	2,154
Ⅲ Decreases				
1. Dividends	801		801	
2. Bonuses to directors	48	849	48	849
Ⅳ Retained earnings carried forward		39,021		40,384

Interim Consolidated Statements of Shareholders' Equity

	1st Half of FY 2007 (As of Sept. 30, 2006)				
	Shareholders' equity				
	Common stock	Capital surples	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 1st 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

	1st Half of FY 2007 (As of Sept. 30, 2006)				
	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 for 1st 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

[4] Interim Consolidated Statements of Cash Flows

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005) Amount (Millions of yen)	1st Half of FY 2007 (6 months ended Sept. 30, 2006) Amount (Millions of yen)	Y-O-Y Change Amount (Millions of yen)	FY 2006 (Year ended Mar. 31, 2006) Amount (Millions of yen)
Ⅰ Cash flows from operating activities				
Income before income taxes	1,556	2,250		4,527
Depreciation	1,524	1,342		3.318
Depreciation of goodwill	—	33		—
Amortization of adjustments on consolidated accounts	10	—		19
Increase (decrease) in employees' retirement allowances	37	16		92
Increase (decrease) in directors' retirement allowances	(55)	19		(32)
Increase (decrease) in accrued directors' bonuses	—	17		—
Increase (decrease) in allowance for doubtful receivables	(191)	(109)		(252)
Interest and dividends receivable	(101)	(120)		(177)
Interest payable	275	311		601
Exchange losses (profits)	133	53		321
Equity method losses (profits)	119	(10)		222
Losses on sale of investment securities (profits)	(82)	—		(82)
Decrease (increase) in accounts receivable	3,670	2,602		1.359
Decrease (increase) in inventories	(2,122)	215		(1,519)
Increase (decrease) in accounts payable	190	966		1,229
Increase (decrease) in accrued expenses	(893)	422		(806)
Directors' bonuses paid	(48)	(33)		(48)
Others, net	(805)	(790)		183
Subtotal	3,215	7,186	3,971	8.956
Interest and dividends received	101	120		177
Interest paid	(271)	(322)		(586)
Income taxes paid	(1,364)	(1,435)		(2,181)
Net cash provided by operating activities	1,680	5,549	3,868	6,365
Ⅱ Cash flows from investing activities				
Increase in time deposits	(1)	(501)		(308)
Decrease in time deposits	0	10		400
Payments for purchase of marketable securities	—	(1,000)		(1,300)
Proceeds from sale of marketable securities	—	1,000		300
Payments for acquisition of tangible fixed assets	(1,029)	(840)		(2,188)
Payments for acquisition of intangible fixed assets	(474)	(480)		(957)
Payments for purchase of investment securities	(2,999)	(500)		(3,261)
Proceeds from sale of investment securities	994	600		994
Increase in loans receivable	(38)	(11)		(43)
Decrease in loans receivable	42	37		57
Others, net	44	77		(233)
Net cash used in investing activities	(3,461)	(1,608)	1,853	(6,539)
Ⅲ Cash flows from financing activities				
Net increase (decrease) in short-term loans	1,151	3		517
Proceeds from long-term bank borrowings	2	7		12
Repayments of long-term bank borrowings	(46)	(41)		(89)
Payments for redemption of corporate bonds	—	(1,017)		(239)
Payment for purchase of treasury stock	(302)	(0)		(302)
Cash dividends paid	(801)	(796)		(801)
Others, net	—	0		0
Net cash used in financing activities	3	(1,843)	(1,847)	(903)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	79	78	(0)	248
Ⅴ Increase (decrease) in cash and cash equivalents	(1,697)	2,176	3,873	(828)
Ⅵ Cash and cash equivalents, beginning of term	33,526	32,697	(828)	33,526
Ⅶ Cash and cash equivalents, end of term	31,829	34,874	3,044	32,697

Significant Notes in Preparation of Consolidated Financial Statements

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 27 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. Two ex-consolidated subsidiaries, RISO CHINA LTD. and RISO PSS Shinbashi, were excluded from consolidation because they were liquidated during the 1st half of fiscal 2006	(2) Number of consolidated subsidiaries: 23 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. Ex-consolidated subsidiaries, RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION were excluded because they were merged with the Company during the 1st half of fiscal 2007.	(1) Number of consolidated subsidiaries: 26 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. RISO China Ltd., RISO PSS Shinbashi Co., Ltd. and RISOGRAPH Uruguay S. A., which were consolidated subsidiaries in the previous fiscal year, were liquidated during the fiscal year under review and are excluded from the scope of consolidation.
	(2) List of non-consolidated subsidiaries RISO IRELAND LABORATORY LTD. (Reason of non-consolidation) The listed subsidiary is small in size and its main financial indexes, such as total assets, net sales, net income (calculated by equity method), and retained earnings (calculated by equity method), have no significant effect on the interim consolidated financial statement.	(2) List of non-consolidated subsidiaries Same as left	(2) List of non-consolidated subsidiaries RISO IRELAND LABORATORY LTD. (Reason of non-consolidation) The listed subsidiary is small in size and its main financial indexes, such as total assets, net sales, net income (calculated by equity method), and retained earnings (calculated by equity method), have no significant effect on the consolidated financial statement.
2. Application of the equity method	(1) Number of affiliated companies accounted for by the equity method: 1 ORTEK CORPORATION (2) RISO IRELAND LABORATORY LTD., a non-consolidated subsidiary, and AVENIR CO., LTD., an affiliate, are not accounted for by the equity method because their performances made no remarkable result and have no significant effect on the interim consolidated financial statements, given their net income (calculated by equity method) and retained earnings (calculated by equity method).	(1) Number of affiliated companies accounted for by the equity method: 1 ORTEK CORPORATION (2) Same as left	(1) Number of affiliated companies accounted for by the equity method: 1 ORTEK CORPORATION (2) RISO IRELAND LABORATORY LTD., a non-consolidated subsidiary, and AVENIR CO., LTD., an affiliate, are not accounted for by the equity method because their performances made no remarkable result and have no significant effect on the consolidated financial statements, given their net income (calculated by equity method) and retained earnings (calculated by equity method).
3. Fiscal year for consolidated subsidiaries	The interim accounting period of the subsidiaries listed below ends on June 30. RISO DE MEXICO S.A., RISO TECHNOLOGY ZHUHAI CO., LTD. , and RISO (SHANGHAI) INTERNATIONAL TRADING CO., LTD. The interim accounting period of the subsidiaries listed below ends on December 31. Kubota Office Machine Limited Interim consolidated financial statements are prepared, applying provisional interim financial statements in the accounting period ending on September 30 for these subsidiaries.	Same as left	The accounting period of the subsidiaries listed below ends on December 31. RISO DE MEXICO S.A., RISO TECHNOLOGY ZHUHAI CO., LTD. , and RISO (SHANGHAI) INTERNATIONAL TRADING CO., LTD. The accounting period of the subsidiaries listed below ends on June 30. Kubota Office Machine Limited Consolidated financial statements are prepared, applying provisional financial statements in the accounting period ending on March 31 for these subsidiaries.

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
4. Significant accounting policies	(1) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the interim period, with unrealized gains or losses reported in shareholders' equity and selling price determined by the moving-average method. - Other marketable securities without market quotations Stated at cost determined by the moving-average method.	(1) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the interim period, with unrealized gains or losses reported in net assets and selling price determined by the moving-average method - Other marketable securities without market quotations Same as left	(1) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the accounting period, with unrealized gains or losses reported in shareholders' equity and selling price determined by the moving-average method. - Other marketable securities without market quotations Same as left
	2. Derivatives Stated at market value 3. Inventories Stated at cost, primarily determined by the moving-average method	2. Derivatives Same as left 3. Inventories Same as left	2. Derivatives Same as left 3. Inventories Same as left
	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Buildings, excluding fixtures, are depreciated using the straight-line method. Other tangible fixed assets are primarily depreciated by the declining-balance method. 2. Intangible fixed assets They are primarily depreciated using the straight-line method. Proprietary software is depreciated using the straight-line method over 5-year period of use.	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Same as left 2. Intangible fixed assets Same as left	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Same as left 2. Intangible fixed assets Same as left

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
	(3) Accounting rules for major allowances and accruals	(3) Accounting rules for major allowances and accruals	(3) Accounting rules for major allowances and accruals
	1. Allowance for doubtful receivables For ordinary accounts receivable, the estimated credit loss is calculated based on historic default rate and declared as allowance, while it is determined, estimating the default rate individually, for such specific accounts receivable as those with lower credit.	1. Allowance for doubtful receivables Same as left	1. Allowance for doubtful receivables Same as left
	2. Accrued bonuses The amount which is expected to be paid as employees' bonuses in the corresponding accounting period is posted as accrued bonuses in the following group companies: parent company, all domestic subsidiaries and several overseas ones.	2. Accrued bonuses Same as left	2. Accrued bonuses Same as left
	(None)	3. Directors' accrued bonuses The amount expected to be paid as directors' bonuses is posted as directors' accrued bonuses. (Change in accounting policy) "Accounting rules on directors' accrued bonuses" (Corporate Accounting Standard No. 4; November 29, 2005) is applied from the consolidated interim accounting period. As a result, operating income, recurring income, and net income before income taxes and others decreased by ¥17 million.	(None)
	4. Accrued warranty costs The amount which is expected to be paid for repair parts used in the products under warranty in the corresponding accounting period is posted as accrued warranty costs, calculated based on the actual expense record in the previous years, in the parent company but not in other group companies.	4. Accrued warranty costs Same as left	4. Accrued warranty costs Same as left

	5. Employees' retirement allowances The amount estimated to be reserved for employees' retirement benefit funds in the corresponding interim accounting period is posted as employees' retirement allowances, calculated based on the projected retirement benefit obligation and pension assets at the end of the current fiscal year, in the parent company and several overseas subsidiaries. The actuarial losses realized in the corresponding accounting period for the said allowances are amortized over the following fiscal years (15 years at the maximum), whose period is not beyond the average remaining service years of employees calculated at the end of the corresponding fiscal year, in the declining-balance method.	5. Employees' retirement allowances The amount estimated to be reserved for employees' retirement benefit funds in the corresponding interim accounting period is posted as employees' retirement allowances, calculated based on the projected retirement benefit obligation and pension assets at the end of the current fiscal year, in the parent company and several overseas subsidiaries. The actuarial losses realized in the corresponding accounting period for the said allowances are amortized over the following fiscal years (15 years at the maximum), whose period is not beyond the average remaining service years of employees calculated at the end of the corresponding fiscal year, in the declining-balance method. The Company revised the retirement benefit system (shifted to a point system) in August 2006. Past service liability is amortized over a specific period (15 years) within the average remaining years of service of employees at the time of occurrence, using the fixed amount method.	5. Employees' retirement allowances The expected amount of employees' retirement benefit obligation and pension assets at the end of the corresponding fiscal year is posted as employees' retirement allowances, in the parent company and several overseas subsidiaries. The actuarial losses realized in the corresponding accounting period for the said allowances are amortized over the following fiscal years (15 years at the maximum), whose period is not beyond the average remaining service years of employees calculated at the end of the corresponding fiscal year, in the declining-balance method.
	6. Directors' retirement allowances The amount that is required to be paid as rewards to directors on retirement at the end of the corresponding interim accounting period is posted as directors' retirement allowances, as prescribed in the internal regulations, in the parent company. There is no corresponding internal regulation in subsidiaries.	6. Directors' retirement allowances Same as left	6. Directors' retirement allowances The amount that is required to be paid as rewards to directors on retirement at the end of the corresponding accounting period is posted as directors' retirement allowances, as prescribed in the internal regulations, in the parent company. There is no corresponding internal regulation in subsidiaries.

	(4) Conversion rules of main items in foreign currencies Monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at the interim balance sheet date. The resulting exchange gains or losses are declared as income or expenses. The assets and liabilities of consolidated overseas subsidiaries are translated into yen amounts using the spot exchange rates at the interim balance sheet date, while their incomes and expenses are converted into yen amounts with the average exchange rates during the corresponding interim accounting period. The resulting exchange gains or losses are listed under foreign currency translation adjustments in shareholders' equity.	(4) Conversion rules of main items in foreign currencies Monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at the interim balance sheet date. The resulting exchange gains or losses are declared as income or expenses. The assets and liabilities of consolidated overseas subsidiaries are translated into yen amounts using the spot exchange rates at the interim balance sheet date, while their incomes and expenses are converted into yen amounts with the average exchange rates during the corresponding interim accounting period. The resulting exchange gains or losses are listed under foreign currency translation adjustments in net assets.	(4) Conversion rules of main items in foreign currencies Monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at the balance sheet date. The resulting exchange gains or losses are declared as income or expenses. The assets and liabilities of consolidated overseas subsidiaries are translated into yen amounts using the spot exchange rates at the balance sheet date, while their incomes and expenses are converted into yen amounts with the average exchange rates during the corresponding accounting period. The resulting exchange gains or losses are listed under foreign currency translation adjustments in shareholders' equity.
	(5) Transaction of main lease accounts Finance lease contracts are processed according to the accounting rules of operating lease ones, excluding those transferring the ownership of the leased assets to lessees at the end of the lease term. In some consolidated overseas subsidiaries, they are processed according to the accounting rules of ordinary sales transaction, in compliance with the accounting principles in the countries concerned.	(5) Transaction of main lease accounts Same as left	(5) Transaction of main lease accounts Same as left
	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements Transaction of consumption taxes Consumption tax and local consumption tax are excluded from the reported amounts.	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements Transaction of consumption taxes Same as left	(6) Other essential accounting rules required for drafting the Consolidated Financial Statements Transaction of consumption taxes Consumption tax and local consumption tax are excluded from the reported amounts.
5. Scope of cash and cash equivalents in the Consolidated statements of cash flows	Cash and cash equivalents in the Consolidated statements of cash flows are composed of the following items: cash on hand, demand deposits and highly liquid short-term investment with maturity of less than 3 months which are exposed to minimal risks of value fluctuations.	Same as left	Same as left

Significant Procedure Changes in Preparation of Consolidated Financial Statements

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
[Accounting standards for impairment loss on fixed assets] The accounting standards for impairment loss on fixed assets (which were drafted by the Business Accounting Council on August 9, 2002) and its application guidelines (which were stated in the Item 6, Application Guidelines of Business Accounting Standards, drafted on October 31, 2003) have been applied when preparing consolidated financial statements since this interim accounting period. This accounting procedure change has no effect on consolidated statements of income.	(None)	[Accounting standards for impairment loss on fixed assets] The accounting standards for impairment loss on fixed assets (which were drafted by the Business Accounting Council on August 9, 2002) and its application guidelines (which were stated in the Item 6, Application Guidelines of Business Accounting Standards, drafted on October 31, 2003) have been applied when preparing consolidated financial statements since this interim accounting period. This caused a decline in income before income taxes by ¥25 million The effects on Segment Information are stated accordingly.
(None)	(Accounting standards for the description of net asset in the interim consolidated balance sheets) Starting this consolidated interim period, the Company is applying "Accounting Standards for the Description of Net Asset in the Balance Sheets" (Corporate Accounting Standard No. 5; December 9, 2005) and "Application Guidelines for the Description of Net Asset in the Balance Sheets" (Corporate Accounting Standard Application Guideline No. 8; December 9, 2005). The amount corresponding to the former Shareholders' Equity was ¥69,465 million. The net assets of the interim consolidated balance sheet for the consolidated interim period were created according to the revised regulations concerning interim consolidated financial statements.	(None)

Reclassification

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)
(None)	(Interim Consolidated Balance Sheets) "Trade rights" and "adjustments on consolidated accounts" in the preceding consolidated interim period changed to "goodwill" for this interim period.
(None)	(Interim Consolidated Statements of Income) "Insurance reimbursement receivable" included in "others" in other income in the preceding consolidated interim period was posted as an independent classification item because it exceeded 10% of the total other income. "Insurance reimbursement receivable" for the preceding interim period was ¥44 million.
(None)	(Interim Consolidated Statements of Cash Flows) Amortization of goodwill included in "depreciation" and "amortization of adjustments in consolidated accounts" in the preceding consolidated interim period changed to "amortization of goodwill" for this interim period.

Additional information

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
(None)	(Consolidated balance sheet) Allowance for doubtful receivables for overseas subsidiaries and receivables were formerly classified according to accounting standards of countries where subsidiaries are located. However we began to reclassify them according to the domestic accounting standards in the previous consolidated accounting period to uniformly apply the accounting standards adopted by the submitting company. As a result of the reclassification, “notes and accounts receivable” in current assets decreased by ¥896 million, and “others” in investments and other assets increased by ¥896 million, compared to the former classification. “Allowance for doubtful receivables” in current assets decreased by ¥872 million, and “Allowance for doubtful receivables” in investments and other assets increased by ¥872 million. The reclassified value is not more than 1% of the total assets.	(Consolidated balance sheet) Allowance for doubtful receivables for overseas subsidiaries and receivables were formerly classified according to the accounting standards of countries where subsidiaries are located. However, we began to reclassify them according to the domestic accounting standards in this consolidated accounting period to uniformly apply the accounting standards adopted by the submitting company. As a result of the reclassification, “notes and accounts receivable” in current assets decreased by ¥973 million, and “others” in investments and other assets increased by ¥973 million, compared with the former classification. “Allowance for doubtful receivables” in current assets decreased by ¥931 million, and “Allowance for doubtful receivables” in investments and other assets increased by ¥931 million The reclassified value is not more than 1% of the total assets.

Notes on Consolidated Balance Sheets

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
1. The amount of accumulated depreciation on tangible fixed assets is ¥38,415 million.	1. The amount of accumulated depreciation on tangible fixed assets is ¥40,169 million.	1. The amount of accumulated depreciation on tangible fixed assets is ¥39,493 million.
2. Contingent liabilities (None)	2. Contingent liabilities Back letter for management ORTEK Corporation ¥770 million The guarantee money above includes a liability of ¥557 million associated with the application of the equity method.	2. Contingent liabilities (None)
3. Notes due at the end of the consolidated interim accounting period (None)	3．Notes due at the end of the consolidated interim accounting period Notes due at the end of the interim accounting period are processed at the date of note clearing. Since the last day of the interim period was a holiday for financial institutions, the following bills due at the end of the interim period are included in the balance at the end of the interim period. Notes receivable ¥523 million Notes payable ¥583 million Others (current liabilities) ¥2 million	3. Notes due at the end of the consolidated interim accounting period (None)

Notes on Consolidated Statements of Income

<table>
<tr><th>1st Half of FY 2006
(6 months ended Sept. 30, 2005)</th><th>1st Half of FY 2007
(6 months ended Sept. 30, 2006)</th><th>FY 2006
(Year ended Mar. 31, 2006)</th></tr>
<tr><td>1. The main items of “Selling, general and administrative expenses” and their amounts are given below.

[Item] [Amount] (millions of yen)
Employees’ salaries and bonuses 5,513
Provision for employees’ retirement allowances 231
Provision for directors’ retirement allowances 21
Provision for bonuses 1,269
Provision for doubtful receivables 26
Research and development expenses 2,327</td><td>1. The main items of “Selling, general and administrative expenses” and their amounts are given below.

[Item] [Amount] (millions of yen)
Employees’ salaries and bonuses 5,825
Provision for employees’ retirement allowances 204
Provision for directors’ retirement allowances 22
Provision for bonuses 1,290
Provision for directors’ bonuses 17
Provision for doubtful receivables 11
Research and development expenses 2,055</td><td>1. The main items of “Selling, general and administrative expenses” and their amounts are given below.

[Item] [Amount] (millions of yen)
Employees’ salaries and bonuses 12,566
Provision for employees’ retirement allowances 538
Provision for directors’ retirement allowances 44
Provision for bonuses 1,398
Amortization of adjustments on Consolidated accounts 19
Research and development expenses 4,444</td></tr>
<tr><td>2. Asset impairment loss
(None)</td><td>2. Asset impairment loss
(None)</td><td>2. Asset impairment loss
In the fiscal year under review, the RISO Group recorded an asset impairment loss for the following asset.
<table><tr><th>Location</th><th>Use</th><th>Type</th><th>Amount</th></tr><tr><td>Ube City, Yamaguchi Prefecture</td><td>Idle asset</td><td>Land</td><td>¥25 million</td></tr></table>RISO classified assets based on the type of business segment in applying asset impairment accounting.
However, we classified real estate and leased assets included in real estate and other business based on a minimum unit which is acknowledged as generating cash flow independently and idle assets individually.
As a result, the idle asset is not expected to be used in the future, and its book value was reduced to the recoverable amount. The amount of the reduction is posted under extraordinary losses as an asset impairment loss (¥25 million).
The amount of possible recovery of the asset is assessed based on its net selling price, and is evaluated based on an appraisal given by a real estate appraiser.</td></tr>
</table>

(Notes on Variation in Shareholders' Equity for the Consolidated Interim Period)

For the consolidated interim accounting period (from April 1, 2006 to September 30, 2006)

1. Types and numbers of issued shares, and types and numbers of treasury shares

	Number of shares at end of preceding consolidated accounting period	Increase in number of shares in the consolidated interim accounting period	Decrease in number of shares in the consolidated interim accounting period	Number of shares at the end of the consolidated interim accounting period
Issued shares				
Common shares	28,053,166	—	—	28,053,166
Total	28,053,166	—	—	28,053,166
Treasury shares				
Common shares (Note)	1,487,476	158	2	1,487,632
Total	1,487,476	158	2	1,487,632

(Note) The increase of 158 shares in common treasury shares is because of fractional share repurchases, and a decrease of two shares is because of fractional share sales.

2. Dividends

Dividends paid

(Resolution)	Type of share	Total value of dividends (Million yen)	Dividend per share (yen)	Base date	Effective date
Ordinary shareholders' meeting held on June 27, 2006	Common share	796	30	March 31, 2006	June 27, 2006

Notes on Consolidated Statements of Cash Flows

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
Reconciliation between interim balance sheet accounts and term-end balance of cash and cash equivalents	Reconciliation between interim balance sheet accounts and term-end balance of cash and cash equivalents	Reconciliation between balance sheet accounts and term-end balance of cash and cash equivalents
(As of September 30, 2005)	(As of September 30, 2006)	(As of March 31, 2006)
[Item] [Amount] (Millions of yen)	[Item] [Amount] (Millions of yen)	[Item] [Amount] (Millions of yen)
Cash and deposits 30,298	Cash and deposits 32,440	Cash and deposits 30,734
Time deposits with maturity of more than 3 months (45)	Time deposits with maturity of more than 3 months (43)	Time deposits with maturity of more than 3 months (48)
Short-term investment (marketable securities) with maturity of 3 months or less from the acquisition date 1,576	Short-term investment (marketable securities) with maturity of 3 months or less from the acquisition date 2,477	Short-term investment (marketable securities) with maturity of 3 months or less from the acquisition date 2,011
Cash and cash equivalents 31,829	Cash and cash equivalents 34,874	Cash and cash equivalents 32,697

Segment Information

[Segment Information by Business]

- 1st Half of FY 2006 (6 months ended September 30, 2005) - (Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales					
(1) External customer sales	39,486	554	40,040	—	40,040
(2) Inter-segment sales	—	37	37	(37)	—
[Total]	39,486	591	40,077	(37)	40,040
Costs and expenses	38,311	159	38,471	(37)	38,433
Operating income	1,174	431	1,606	—	1,606

- 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

- FY 2006 (Year ended March 31, 2006) - (Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales					
(1) External customer sales	86,494	1,106	87,601	—	87,601
(2) Inter-segment sales	—	74	74	(74)	—
[Total]	86,494	1,181	87,676	(74)	87,601
Costs and expenses	82,512	351	82,863	(74)	82,788
Operating income	3,982	829	4,812	—	4,812

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.

[Segment Information by Geographic Area]

- 1st Half of FY 2006 (6 months ended September 30, 2005) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	22,159	6,123	7,880	3,876	40,040	—	40,040
(2) Inter-segment sales	10,869	1	229	4,799	15,900	(15,900)	—
[Total]	33,028	6,125	8,110	8,675	55,940	(15,900)	40,040
Costs and expenses	31,188	6,645	7,981	8,323	54,138	(15,705)	38,433
Operating income (losses)	1,840	(519)	129	352	1,802	(195)	1,606

- 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

- FY 2006 (Year ended March 31, 2006) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	48,913	13,040	17,670	7,977	87,601	—	87,601
(2) Inter-segment sales	22,747	2	491	9,566	32,808	(32,808)	—
[Total]	71,661	13,042	18,161	17,544	120,410	(32,808)	87,601
Costs and expenses	66,440	14,113	17,611	16,939	115,105	(32,316)	82,788
Operating income (losses)	5,220	(1,070)	549	605	5,304	(492)	4,812

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.

[Overseas Segment Sales Data]

- 1st Half of FY 2006 (6 months ended September 30, 2005) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	6,123	7,955	4,966	19,045
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	40,040
Ⅲ Ratio of overseas sales in consolidated net sales (%)	15.3	19.9	12.4	47.6

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

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

- FY 2006 (Year ended March 31, 2006) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	13,040	17,802	10,327	41,170
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	87,601
Ⅲ Ratio of overseas sales in consolidated net sales (%)	14.9	20.3	11.8	47.0

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.

Notes on Lease Accounts

The notes on lease accounts are not disclosed according to the EDINET disclosure rules.

Notes on Marketable Securities

- 1st Half of FY 2006 (6 months ended September 30, 2005) -

1. Other marketable securities with market quotations (Millions of yen)

	Market value	Book value	Difference
(1) Shares	1,107	3,623	2,515
(2) Bonds			
National and local bonds	2,999	2,994	(5)
Corporate bonds	—	—	—
Other bonds	—	—	—
(3) Others	—	—	—
Total	4,106	6,617	2,510

2. Main marketable securities without market quotations (Millions of yen)

	Book value
Other securities	
Corporate bonds	300
Cash trusts	1,000
Money management funds	400
Non-listed shares (excluding OTC shares)	617
Others	176

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

1. Other marketable securities with market quotations (Millions of yen)

	Market value	Book value	Difference
(1) Shares	1,268	4,507	3,238
(2) Bonds			
National and local bonds	2,999	2,993	(6)
Corporate bonds	—	—	—
Other bonds	500	498	(1)
(3) Others	98	98	0
Total	4,867	8,098	3,231

2. Main marketable securities without market quotations (Millions of yen)

	Book value
Other securities	
Corporate bonds	300
Cash trusts	2,000
Money management funds	400
Commercial Papers	998
Non-listed shares (excluding OTC shares)	17
Others	78

- FY 2006 (Year ended March 31, 2006) -

1. Other marketable securities with market quotations (Millions of yen)

	Market value	Book value	Difference
(1) Shares	1,268	5,003	3,734
(2) Bonds			
National and local bonds	2,999	2,984	(15)
Corporate bonds	—	—	—
Other bonds	—	—	—
(3) Others	—	—	—
Total	4,268	7,987	3,718

2. Main marketable securities without market quotations (Millions of yen)

	Book value
Other securities	
Corporate bonds	300
Cash trusts	1,000
Money management funds	400
Commercial Papers	999
Non-listed shares (excluding OTC shares)	617
Others	711

Notes on Derivative Accounts

The notes on derivative accounts are not disclosed according to the EDINET disclosure rules.

Notes on Per-share Financial Data

1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
Shareholders' equity per share ¥4,995.63	Shareholders' equity per share ¥2,614.87	Shareholders' equity per share ¥2,595.28
Net income per share ¥59.49	Net income per share ¥48.64	Net income per share ¥79.76
Diluted net income per share ¥58.89	Diluted net income per share ¥46.51	Diluted net income per share ¥77.22
	Effective November 18, 2005, each share of common stock was split into two shares. Assuming that the stock split was conducted at the beginning of the term ended March 2006, per share data will become as follows.	Effective November 18, 2005, each share of common stock was split into two shares. Assuming that the stock split was conducted at the beginning of the term ended March 2005, per share data will become as follows.
	Net assets per share ¥2,497.82	Net assets per share ¥2,463.37
	Net income per share ¥29.74	Net income per share ¥119.29
	Diluted net income per share ¥29.45	Diluted net income per share ¥113.06

Note: Net income per share and diluted net income per share were calculated using the following financial data.

Item	1st Half of FY 2006 (6 months ended Sept. 30, 2005) Amount (Millions of yen)	1st Half of FY 2007 (6 months ended Sept. 30, 2006) Amount (Millions of yen)	FY 2006 (Year ended Mar. 31, 2006) Amount (Millions of yen)
Net income per share			
Net income (Millions of yen)	792	1,292	2,154
Amount not available to common shareholders (Millions of yen)	—	—	33
- Directors' bonuses paid	—	—	(33)
Amount available to common shareholders (Millions of yen)	792	1,292	2,121
Average number of outstanding shares (Thousands of share)	13,316	26,565	26,599
Diluted net income per share			
Net income adjustment (Millions of yen)	75	72	150
- Interests paid after income taxes	(75)	(72)	(150)
Increase in common stock (Thousands of share)	1,411	2,779	2,819
- Convertible bonds	(1,411)	(2,779)	(2,819)
Dilutive securities not included in calculating diluted net income per share due to the absence of dilutive effect	—	—	—

Important Subsequent Events

<table>
<tr><th>1st Half of FY 2006
(6 months ended Sept. 30, 2005)</th><th>1st Half of FY 2007
(6 months ended Sept. 30, 2006)</th><th>FY 2006
(Year ended Mar. 31, 2006)</th></tr>
<tr>
<td>(None) At a meeting of the Board of Directors on August 30, 2005, it was decided to implement a stock split, whose details are as described below.
1. Each share of common stock is to be divided into two shares on November 18, 2005.
(1) Increase in number of shares due to a stock split
Common stock 14,026,500 shares
(2) Method of stock split
Each share of common stock held by shareholders and beneficial shareholders on record at market closing time on September 30, 2005, is to be divided into two shares.
2. Initial date of dividend period
October 1, 2005
* When it is assumed that this stock split was implemented at the beginning of the previous fiscal year or this fiscal year, the respective per-share financial data would be as shown in the table given below for the following accounting periods: 1st half of FY2005, FY2005 and 1st half of FY2006.</td>
<td>(None)</td>
<td>Merger with RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION
On May 1, 2006, the Company merged with RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION, all of which were wholly-owned subsidiaries, to speed up decision making for business and improve the efficiency of operations.
1. Date of merger
May 1, 2006
2. Form of merger
The Company as surviving company will merge with RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION, which will be dissolved. No new shares will be issued as a result of the merger.
3. Assumption of assets
The Company will assume all assets, liabilities, rights and obligations of RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION as of the date of merger.
4. Profile of the merged companies
<table>
<tr><td>Name</td><td>RISO TSUKUBA CORPORATION</td></tr>
<tr><td>Business</td><td>Printing equipment-related</td></tr>
<tr><td></td><td>(Fiscal year ende d March 2006)</td></tr>
<tr><td>Net sales</td><td>¥387 million</td></tr>
<tr><td>Net income</td><td>¥18 million</td></tr>
<tr><td>Total assets</td><td>¥183 million</td></tr>
<tr><td>Shareholders’ equity</td><td>¥129 million</td></tr>
</table>
<table>
<tr><td>Name</td><td>RISO CHIBA CORPORATION</td></tr>
<tr><td>Business</td><td>Printing equipment-related</td></tr>
<tr><td></td><td>(Fiscal year ended March 2006)</td></tr>
<tr><td>Net sales</td><td>¥1,280 million</td></tr>
<tr><td>Net income</td><td>¥43 million</td></tr>
<tr><td>Total assets</td><td>¥418 million</td></tr>
<tr><td>Shareholders’ equity</td><td>¥262 million</td></tr>
</table>
<table>
<tr><td>Name</td><td>RISO SHIZUOKA CORPORATION</td></tr>
<tr><td>Business</td><td>Printing equipment-related</td></tr>
<tr><td></td><td>(Fiscal year ended March 2006)</td></tr>
<tr><td>Net sales</td><td>¥456 million</td></tr>
<tr><td>Net income</td><td>¥12 million</td></tr>
<tr><td>Total assets</td><td>¥210 million</td></tr>
<tr><td>Shareholders’ equity</td><td>¥144 million</td></tr>
</table>
5. Effects on financial performances
This will have no effect on consolidated financial results for FY2007.</td>
</tr>
</table>

* Assumed Per-share Financial Data (if given the above-mentioned stock split)

1st Half of FY 2005 (6 months ended Sept. 30, 2004)		1st Half of FY 2006 (6 months ended Sept. 30, 2005)		FY 2005 (Year ended Mar. 31, 2005)	
Shareholders' equity per share	¥2,390.17	Shareholders' equity per share	¥2,497.82	Shareholders' equity per share	¥2,463.37
Net income per share	¥59.37	Net income per share	¥29.74	Net income per share	¥119.29
Diluted net income per share	¥56.28	Diluted net income per share	¥29.45	Diluted net income per share	¥113.06

(5) Production Record, Orders Received and Sales Results

[1] Production Record (Millions of yen)

Business Segment	1st Half of FY 2006 (6 months ended Sept. 30, 2005)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
Printing equipment-related business	28,889	30,391	64,351
Total	28,889	30,391	64,351

Note: 1. The factory prices are used as unit price in calculating the above figures.
2. The above figures do not include consumption tax.

[2] Orders Received

Orders received are not disclosed because they are scarce and contribute to a minimal share of production under the current forecast-based production process.

[3] Sales Results (Millions of yen)

Business Segment	1st Half of FY 2006 (6 months ended Sept. 30, 2006)	1st Half of FY 2007 (6 months ended Sept. 30, 2006)	FY 2006 (Year ended Mar. 31, 2006)
Printing equipment-related business	39,486	42,042	86,494
Real estate business and others	554	558	1,106
Total	40,040	42,601	87,601

Note: 1. Inter-segment transactions are offset.
2. Consumption taxes are not included in the above amounts.
3. Sales results are not broken down by account because we do not have such a specific account as covers 10% or more of the total sales in the corresponding accounting periods.