Fiscal 2007 Consolidated Earnings Report

May 10, 2007

Company Name: RISO KAGAKU CORPORATION
Listed Market: Tokyo Stock Exchange (First Section), JASDAQ
Stock Code: 6413
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Scheduled date of Regular General Meeting of Shareholders: June 26, 2007
Scheduled date of Dividend payment commencement: June 27, 2007
Scheduled date of Securities Report release: June 27, 2007

1. Consolidated Results (April 1, 2006 to March 31, 2007)

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

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2007	90,863	[3.7]	5,379	[11.8]	5,139	[12.9]	2,977	38.2
FY2006	87,601	[2.9]	4,812	[- 26.8]	4,552	[- 22.6]	2,154	[- 34.3]

	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	%	%	%
FY2007	112. 12	106. 67	4.2	4.3	5.9
FY2006	79. 76	77. 22	3.2	3.9	5.5

（Ref.）Equity-method gains and loss (millions of yen): 81 in FY2007 and -222 in FY2006

(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, 2007	121,049	71,354	58.8	2,689. 85
March 31, 2006	118,446	68,978	58.2	2,595. 28

（Ref.）Shareholders' Equity March 31, 2007: ¥71,188 million March 31, 2006: ─

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

	Operating Activities	Investing Activities	Financing Activities	Period-end Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2007	10,053	-6,043	-4,293	32,667
FY2006	6,365	-6,539	-903	32,697

2. Dividends

	Dividends per share			Total Dividends (annual)	Dividend Pay-out Ratio (consolidated)	Net Assets-to dividend ratio (consolidated)
	Interium	Year-end	Total annual			
	Yen	Yen	Yen	million of yen	%	%
FY2006	0. 00	30. 00	30. 00	796	37.6	1.2
FY2007	0. 00	40. 00	40. 00	1,058	35.7	1.5
FY2008 (forcast)	0. 00	40. 00	40. 00	─	27.6	─

(Note) Breakdown of dividends for the fiscal year ending March 2007: common dividends ¥35.00, dividends commemorating the 60th year anniversary of the establishment of the business ¥5.00

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

(Percentage faigures for the year-end represent the change forom the previous year, while percentages for the interim represent the change from the previous interium period)

	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	43,650	2.5	2,400	5.3	2,150	-4.5	1,140	-11.8	43. 07
Year-end Results	94,000	3.5	6,520	21.2	6,170	20.1	3,840	29.0	145. 09

4. Other

(1) Transfer of significant subsidiaries during the period (transfer of specified 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 significant items that form the basis 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. No

(Note) For details, see page 18 “Changes in basic important matters for the preparation of consolidated financial statements”

(3) Issued shares (Common shares)

1. Number of shares issued at the end of the consolidated accounting period (including Treasury shares)	FY2007	28,053,166	FY2006	28,053,166
2. Number of Treasury shares at the end of the consolidated accounting period	FY2007	1,587,672	FY2006	1,487,476

(Note) For the number of stocks based on which the net income per share are calculated (consolidated), see page 32 “Notes on Per-share Financial Data ”.

<u>* Explanatory statement concerning the appropriate use of business earnings forecasts and other special instructions</u>
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 and Financial Positions

1. Business Results

In the fiscal year under review, while some causes for concern remains, such as the oil price surge, there were indications that the Japanese economy was staging a gradual economic upswing driven by improved corporate earnings. Looking overseas, the US economy maintained its underlying strength, although housing investment continued to decline. European economies remained robust, with increased exports and an improved employment situation. In Asia, economies continued to expand, mainly led by China.

In this economic environment, in what was the last fiscal year of the medium-term management plan, RISO’s operations focused on four key areas: increasing market share and improving profitability in the digital duplicating business, accelerating sales of the ORPHIS (RISO) HC series, reorganizing operations of the U.S. subsidiary, and accelerating new product development and advancement of new business projects.

With respect to the first task, increasing market share and improving profitability in the digital duplicating business, we released RISOGRAPH MZ970, which boasts high resolution of 600dpi as a top-of-the-line model of the MZ series of one-pass two-color printers. In addition, the RISO CZ series was launched with reduced size and price in emerging markets, with a focus on China. Meanwhile, to gear up to respond to the Indian economy's future growth and to initiate business expansion, we established an India-based subsidiary.

As for accelerating sales of the ORPHIS (RISO) HC series, to expand the market base and respond to customers’ growing needs for color, we introduced in the domestic market a count charge system that controls initial costs. We also released the ORPHIS HC5500A as a specialist machine for the system.

To reorganize operations of our U.S. subsidiary, our third task, we set out to renew the on-site management team and started a review of labor costs and expenses. As a result of the above activities, together with the favorite effect of foreign exchange, net sales rose to ¥90,863 million (up 3.7% from the previous year). We also achieved operating income of ¥5,379 million (up 11.8%). Recurring income was ¥5,139 million (up 12.9%) and net income reached ¥2,977 million (up 38.2%).

Business results by business segment are as follows:

(1) Printing equipment-related business

RISO runs mainly the digital duplicating business (RISOGRAPH) and the ink jet business (ORPHIS) as its printing equipment-related business.

Looking at the results for RISOGRAPH, Southeast Asia virtually matched the previous year's performance. However, sales declined in developed regions in Europe and the United States, and results in China also fell short of the previous fiscal year in the face of tougher competition.

For ORPHIS, domestic sales have remained robust, and overseas sales expanded, centered on Europe and the United States.

As a result, consolidated net sales of the printing equipment-related business became ¥89,744 million (up 3.8% from the previous year), and operating income became ¥4,523 million (up 13.6%).

(2) Real estate business and others

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

Both the real estate business and the insurance agency business have performed as projected, and net sales for the real estate business and others became ¥1,118 million (up 1.1% from the previous year) and operating income was ¥855 million (up 3.1%).

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

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

Domestically, RISOGRAPH sales fell short of the results of the previous year, but ORPHIS sales, supported by brisk demand for consumables, increased. Moreover, sales to Asian distributors were almost on a par with the results of the previous year. As a result, net sales including the real estate business and others were ¥50,738 million (up 3.7% from the previous year). However, operating income was ¥4,279 million (up 18.0%) owing to vigorous support given to the sales of overseas subsidiaries.

(2) The Americas - Total American subsidiaries' sales

In the Americas, RISOGRAPH sales fell short of the results of the previous year, but ORPHIS sales have remained brisk. As a result, together with the favorable impact of foregn exchange, net sales became ¥13,396 million (up 2.7% from the previous year). On the other hand, operating income resulted in a loss of ¥394 million (compared with a loss of ¥1,070 million in the previous year), even though we sought to review labor costs and expenses.

(3) Europe - Total European subsidiaries' sales

In Europe, RISOGRAPH sales fell short of the year-ago results in developed countries, but ORPHIS sales expanded, led by our subsidiary in France. As a result, together with the favorable impact of foregn exchange, net sales were ¥19,024 million (up 7.7% from the previous year). On the other hand, operating income was ¥449 million (down 18.2% from the previous year), reflecting lower gross profit on sales.

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

Our results in Southeast Asia were on a par with those of the previous year, but in China, RISOGRAPH sales fell short of the previous year's results, influenced by intensified competition. As a result, net sales were ¥7,704 million (down 3.4% from the previous year). On the other hand, operating income was ¥617 million (up 2.0%) thanks to the successful effects of our income-oriented sales policy.

(Business Outlook in Fiscal Year 2008)

Turning to the forecast for the next fiscal year, in the RISOGRAPH business, we aim to improve profitability and enhance our corporate structure while focusing on sales of high value-added models such as one-pass two-color printers in developed nations and low-price models centering on the CZ series in emerging markets. In the ORPHIS business, in Japan, in addition to the existing count charge system, we will add a new menu for customers who mainly use black and white printers and boost sales.

In the consolidated business forecast for the full fiscal year, we anticipate net sales of ¥94,000 million (up 3.5% from the previous year), operating income of ¥6,520 million (up 21.2%), recurring income of ¥6,170 million (up 20.1%), and net income of ¥3,840 million (up 29.0%).
In the above prospect, we use the exchange rate of ¥113 against the US dollar and ¥152 against the Euro.

2. Financial Positions

(1) Assets, Liabilities, and Net Assets

Our financial position at the end of the consolidated fiscal year under review is as follows:
Total assets increased ¥2,602 million and net assets increased ¥2,226 million.
Among major factors in assets, notes and accounts receivable and marketable securities increased ¥653 million and ¥4,728 million, respectively. Cash and deposits decreased ¥1,162 million, inventories declined by ¥1,123 million, and investment in securities dropped ¥1,437 million.
In addition, among liabilities, notes and accounts payable rose ¥2,294 million and convertible bonds decreased ¥2,584 million.

(2) Consolidated Cash Flows

Cash and cash equivalents at the end of the consolidated fiscal year under review decreased ¥30 million compared to the previous consolidated fiscal year end, to ¥32,667 million.

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

(Cash flows from operating activities)

Cash from operating activities stood at ¥10,053 million (up 57.9% increase from the previous year). This primarily reflects income before income taxes of ¥5,139 million, depreciation of ¥2,767 million, a decrease in inventoris of ¥1,616 million, an increase in accounts payable of ¥1,926 million, and imcome taxes paid of ¥2,165 million.

(Cash flows from investing activities)

Cash used as a result of investing activities were ¥6,043 million (down 7.6% from the previous year). This result is mainly due to expenditure of ¥2,500 million on the purchase of marketable securities, expenditure of ¥1,442 million on the acquisition of tangible fixed assets, expenditure of ¥940 million on the acquisition of intangible fixed assets, expenditure of ¥3,000 million on the acquisition of investment securities, and revenue of ¥2,300 million from the sale of marketable securities.

(Cash flows from financing activities)

Cash used as a result of financing activities were ¥4,293 million (up 375.4% from the previous year). The result is principally attributable to a net decrease in short-term debt of ¥559 million, expenditure of ¥2,631 million on the redemption of corporate bonds, and expenditure of ¥796 million on the payment of dividends.

3. Basic policy for Earning Distribution

The Company’s policy on the distribution of profit to its shareholders is to allocate an appropriate proportion of profits in accordance with business results, while retaining the remainder to strengthen corporate structure. Based on this policy, we will seek to maintain the stable distribution of dividends. We also consider the acquisition of treasury stocks to be a part of profit distribution policy, taking stock price level and market trends into consideration. In the term under review, following this approach, we repurchased 100,000 treasury stocks for ¥254 million from the market. We will use retained earnings to strengthen financial structure, capital investment and R&D, and seek to improve our business performance.
In the term under review, to respond to the consistent support of our shareholders, we will pay an increased dividend of ¥5 and add ¥5 as a dividend commemorating the 60th anniversary of the establishment of the business. This equates to a total dividend of ¥40 per share. As a result, we anticipate a consolidated payout ratio of 35.7% and a consolidated net assets to dividend ratio of 1.5%. In the next period, we expect to pay dividends of ¥40 per share, similar to the term under review.

(2) Group Organization Structure

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

RISO KAGAKU CORPORATION (Manufacture and sales)

<Subsidiaries in Japan>

Printing equipment - Sales and market research
RISO OKINAWA CORPORATION

Printing equipment - Sales and funded research and development
RISO VEC CORPORATION

Real estate business and others
- Insurance
RISO AGENCY CORPORATION

- Real estate

<Affiliated companies in Japan>

Printing equipment - Research and development, manufacture and sales
ORTEK CORPORATION

<Overseas subsidiaries>

Printing equipment - Sales and market research
RISO, INC.
RISO EUROPE LTD.
RISO (U.K.) LTD.
RISO (Deutschland) GmbH
RISO FRANCE S.A.
RISO IBERICA, S.A.
RISOGRAPH ITALIA S.p.A.
RISO AFRICA (PTY) LTD.
RISO HONG KONG LTD.
RISO (Thailand) LTD.
RISO KOREA LTD.

Printing equipment - Manufacture and sales
RISO TECHNOLOGY ZHUHAI CO., LTD.
Printing equipment - Manufacture
RISO INDUSTRIES (H.K.) LTD.

(Note)
1. RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION were merged with the Company and liquidated on May 1, 2006.
2. RISO INDIA PRIVATE LIMITED was set up in New Delhi, India on December 6, 2006.

(3) Management Policies

(1) The Company's basic management policy and medium- and long-term business strategy

RISO formulated a medium-term management plan that would end in the fiscal year ended March 31, 2007 called Riso Vision 07. To expand profit in our core business "digital duplicating" and establish a foundation for growth through "ink jet printing" business, the plan suggested six basic policies. We have made group-wide efforts in accordance with them.

<Basic policies in the Medium-Term Management Plan "Riso Vision 07">

(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.

As a result of activities carried out based on these basic policies, the inkjet printing business achieved a healthy sales increase while the digital duplicating business was slumping, chiefly in developed economies, to the point where it reported an income decline for the third straight year. Consequently, consolidated net sales increased from 83.6 billion yen in the fiscal year ending March 2004, to 90.8 billion yen, although it failed to reach the target of 100 billion yen. The ratio of consolidated operating profit to consolidated sales also failed to achieve the goal of 10%, falling from 10.0% in the term ending March 2004, to 5.9%.
In this environment, the RISO Group will be focusing on the priority challenge of gaining new customers in the inkjet printing and digital duplicating businesses, in a bid to achieve further growth. Our third medium-term management plan for the period from the term ending March 2008 to that ending March 2010 is as follows.

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

(1) Accelerating our hardware installation in the inkjet printing business;
(2) Gaining new customers in the digital duplicating business;
(3) Creating new businesses that could be our future core businesses;
(4) Making investments in development, engineering and manufacturing in anticipation of changes in businesses;
(5) Creating a corporate culture that will nature future leader; and
(6) Increasing corporate value through the promotion of CSR activities.

(2) Business performance target

RISO defines consolidated sales and the ratio of consolidated operating profit to consolidated sales as its principal management indices. The new medium-term management plan sets a target of attaining consolidated sales of 100 billion yen and a ratio of consolidated operating profit to consolidated sales of 10% in the fiscal year ending March 2010.

(3) Issues to address

There are five priority issues to be addressed by RISO in the following term

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

(4) Consolidated Financial Statements

[1] Consolidated Balance Sheets

Item	Ref. no.	FY 2006 (As of Mar. 31, 2006) Amount (Millions of yen)		FY 2006 (%)	FY 2007 (As of Mar. 31, 2007) Amount (Millions of yen)		FY 2007 (%)	Y-O-Y Change Amount (Millions of yen)
(ASSETS)								
Ⅰ Current assets								
1. Cash and deposits			30,734			29,572		(1,162)
2. Notes and accounts receivable	※5		16,917			17,570		653
3. Marketable securities			3,311			8,040		4,728
4. Inventories			15,037			13,914		(1,123)
5. Deferred tax assets (short)			2,717			2,782		64
6. Others			1,421			1,977		556
Allowance for doubtful receivables (short)			(294)			(238)		55
Total current assets			69,846	59.0		73,619	60.8	3,772
Ⅱ Fixed assets								
1. Tangible fixed assets								
(1) Buildings and structures		18,401			18,515			
Less-Accumulated depreciation		(10,067)	8,333		(10,493)	8,022		(311)
(2) Machinery, equipment and vehicles		7,870			8,304			
Less-Accumulated depreciation		(6,022)	1,847		(6,321)	1,982		134
(3) Tools, furniture and fixtures		16,800			16,670			
Less-Accumulated depreciation		(14,487)	2,313		(14,956)	1,714		(598)
(4) Land			14,873			14,873		—
(5) Construction in progress			53			65		11
(6) Others		13,531			13,437			
Less-Accumulated depreciation		(8,916)	4,614		(8,799)	4,637		22
Total tangible fixed assets			32,037	27.0		31,296	25.9	(741)
2. Intangible fixed assets								
(1) Trade rights			363			—		(363)
(2) Software			1,403			1,774		371
(3) Adjustment on consolidated accounts			6			—		(6)
(4) Goodwill			—			296		296
(5) Others			559			388		(170)
Total intangible fixed assets			2,332	2.0		2,459	2.0	126

Item	Ref. no.	FY 2006 (As of Mar. 31, 2006) Amount (Millions of yen)		FY 2006 (%)	FY 2007 (As of Mar. 31, 2007) Amount (Millions of yen)		FY 2007 (%)	Y-O-Y Change Amount (Millions of yen)
3. Investments and other securities								
(1) Investment in securities			8,704			7,266		(1,437)
(2) Long-term advances			284			209		(75)
(3) Deferred tax assets (long)			616			848		232
(4) Others	※1		5,656			6,157		501
Allowance for doubtful receivables (long)			(1,030)			(807)		223
Total investments and other securities			14,229	12.0		13,674	11.3	(555)
Total fixed assets			48,599	41.0		47,430	39.2	(1,169)
Total assets			118,446	100.0		121,049	100.0	2,602
(LIABILITIES)								
Ⅰ Current liabilities								
1. Notes and accounts payable	※5		13,150			15,444		2,294
2. Short-term loans			6,305			5,805		(499)
3. Long-term bank borrowings due within one year			51			9		(42)
4. Accrued taxes			1,774			1,695		(79)
5. Accrued bonuses			1,680			1,680		(0)
6. Accrued directors’ bonuses			—			50		50
7. Accrued warranty costs			80			103		22
8. Others	※5		5,406			6,704		1,298
Total current liabilities			28,449	24.0		31,492	26.1	3,042
Ⅱ Long-term liabilities								
1. Convertible bonds			16,675			14,091		(2,584)
2. Long-term bank borrowings			112			104		(8)
3. Employees’ retirement allowances			3,062			3,111		48
4. Directors’ retirement allowances			246			290		43
5. Equity-method debt	※2		460			472		11
6. Others			312			133		(178)
Total long-term liabilities			20,869	17.7		18,202	15.0	(2,666)
Total liabilities			49,318	41.7		49,694	41.1	375

		FY 2006 (As of Mar. 31, 2006)		FY 2007 (As of Mar. 31, 2007)		Y-O-Y Change
Item	Ref. no.	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)	Amount (Millions of yen)
(MINORITY INTERESTS)						
Minority interests		149	0.1	—	—	—
(SHAREHOLDERS' EQUITY)						
Ⅰ Common stock	※3	14,114	11.9	—	—	—
Ⅱ Capital surplus		14,779	12.5	—	—	—
Ⅲ Retained earnings		40,384	34.1	—	—	—
Ⅳ Net unrealized holding gains or losses on securities		2,205	1.8	—	—	—
Ⅴ Foreign currency translation adjustments		108	0.1	—	—	—
Ⅵ Treasury stock	※4	(2,614)	(2.2)	—	—	—
Total shareholders' equity		68,978	58.2	—	—	—
Total liabilities, minority interests and shareholders' equity		118,446	100.0	—	—	—
(Net Assets)						
Ⅰ Shareholders' Equity						
1. Common stock		—	—	14,114	11.7	—
2. Capital surplus		—	—	14,779	12.2	—
3. Retained earnings		—	—	42,532	35.1	—
4. Treasury Stock		—	—	(2,868)	(2.4)	—
Total shareholders' equity		—	—	68,557	56.6	—
Ⅱ Other comprehensive income						
1. Net unrealized holding gains or losses on securities		—	—	1,706	1.4	—
2. Foreign currency translation adjustments		—	—	923	0.8	—
Total other comprehensive income		—	—	2,630	2.2	—
Ⅲ Minority interests		—	—	166	0.1	—
Total net assets		—	—	71,354	58.9	—
Total liabilities and net assets		—	—	121,049	100.0	—

[2] Consolidated Statements of Income

Item	Ref. no.	FY 2006 (Year ended Mar. 31, 2006) Amount (Millions of yen)		(%)	FY 2007 (Year ended Mar. 31, 2007) Amount (Millions of yen)		(%)	Y-O-Y Change Amount (Millions of yen)
Ⅰ Net sales			87,601	100.0		90,863	100.0	3,261
Ⅱ Cost of sales	※2		42,351	48.3		44,452	48.9	2,100
Gross profit			45,249	51.7		46,410	51.1	1,160
Ⅲ Selling, general and administrative expenses	※1,2		40,437	46.2		41,031	45.2	594
Operating income			4,812	5.5		5,379	5.9	566
Ⅳ Other income								
1. Interest income		106			187			
2. Dividend income		70			66			
3. Equity method gains		―			81			
4. Exchange profits		183			―			
5. Gains on sale of investment securities		82			―			
6. Others		353	798	0.9	400	736	0.8	(62)
Ⅴ Other expenses								
1. Interest expenses		601			623			
2. Equity method losses		222			―			
3. Exchange losses		―			133			
4. Losses on disposal of fixed assets		135			117			
5. Others		98	1,058	1.2	101	975	1.0	(82)
Recurring income			4,552	5.2		5,139	5.7	586
Ⅵ Extraordinary Loss								
1. Impairment losses	※3	25	25	0.0	―	―	―	(25)
Income before income taxes			4,527	5.2		5,139	5.7	612
Corporate income tax and other tax expenses		2,642			2,083			
Corporate income tax and other tax adjustments		(277)	2,364	2.7	68	2,151	2.4	(213)
Minority interest in net income of consolidated subsidiaries			7	0.0		10	0.0	2
Net income			2,154	2.5		2,977	3.3	822

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

Consolidated Surplus Statements

		FY 2006 (Year ended Mar. 31, 2006)	
Item	Ref. no.	Amount (Millions of yen)	
(CAPITAL RESERVE)			
Ⅰ Capital reserve brought forward			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 reserve carried forward			14,779
(RETAINED EARNINGS)			
Ⅰ Retained earnings brought forward			39,078
Ⅱ Increases			
1. Net income		2,154	2,154
Ⅲ Decreases			
1. Dividends		801	
2. Bonuses to directors		48	849
Ⅳ Retained earnings carried forward			40,384

Consolidated Statements of Changes in Shareholders' Equity

	FY 2007 (Year ended Mar. 31, 2007)				
	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			2,977		2,977
Purchase of treasury stock				(254)	(254)
Disposal of treasury stock		0		0	0
Changes in other than shareholders' equity during the period					
Total changes of the period	—	0	2,147	(254)	1,893
Balance March 31, 2007	14,114	14,779	42,532	(2,868)	68,557

	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 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

[4] Consolidated Statements of Cash Flows

		FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)	Y-O-Y Change
Item	Ref. no.	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Ⅰ Cash flows from operating activities				
Income before income taxes		4,527	5,139	
Depreciation		3,318	2,767	
Amortization of adjustments on consolidated accounts		19	—	
Depreciation of goodwill		—	84	
Equity method losses (profits)		222	(81)	
Increase (decrease) in employees' retirement allowances		92	48	
Increase (decrease) in directors' retirement allowances		(32)	43	
Increase (decrease) in accrued directors' bonuses		—	50	
Increase (decrease) in allowance for doubtful receivables		(252)	(279)	
Interest and dividends receivable		(177)	(254)	
Interest payable		601	623	
Exchange losses (profits)		321	183	
Equity method losses (profits)		(82)	—	
Decrease (increase) in accounts receivable		1,359	77	
Decrease (increase) in inventories		(1,519)	1,616	
Increase (decrease) in accounts payable		1,229	1,926	
Increase (decrease) in accrued expenses		(806)	623	
Directors' bonuses paid		(48)	(33)	
Others, net		183	65	
Subtotal		8,956	12,601	3,645
Interest and dividends received		177	249	
Interest paid		(586)	(633)	
Income taxes paid		(2,181)	(2,165)	
Net cash provided by operating activities		6,365	10,053	3,687

		FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)	Y-O-Y Change
Item	Ref. no.	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Ⅱ Cash flows from investing activities				
Increase in time deposits		(308)	(891)	
Decrease in time deposits		400	12	
Payments for purchase of marketable securities		(1,300)	(2,500)	
Proceeds from sale of marketable securities		300	2,300	
Payments for acquisition of tangible fixed assets		(2,188)	(1,442)	
Payments for acquisition of intangible fixed assets		(957)	(940)	
Payments for purchase of investment securities		(3,261)	(3,000)	
Proceeds from sale of investment securities		994	600	
Increase in loans receivable		(43)	(27)	
Decrease in loans receivable		57	86	
Others, net		(233)	(240)	
Net cash provided by (used in) investing activities		(6,539)	(6,043)	496

		FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)	Y-O-Y Change
Item	Ref. no.	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Ⅲ Cash flows from financing activities				
Net increase (decrease) in short-term loans		517	(559)	
Proceeds from long-term bank borrowings		12	8	
Repayments of long-term bank borrowings		(89)	(60)	
Payments for redemption of corporate bonds		(239)	(2,631)	
Payments for purchase of treasury stock		(302)	(254)	
Cash dividends paid		(801)	(796)	
Others, net		0	0	
Net cash provided by (used in) financing activities		(903)	(4,293)	(3,390)
Ⅳ Effect of exchange rate changes on cash and cash equivalents		248	252	4
Ⅴ Increase (decrease) in cash and cash equivalents		(828)	(30)	797
Ⅵ Cash and cash equivalents, beginning of year		33,526	32,697	(828)
Ⅶ Cash and cash equivalents, end of year	※	32,697	32,667	(30)

Significant Notes in Preparation of Consolidated Financial Statements

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
1. Scope of consolidation	(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 consolidated financial statements.	(2) Number of consolidated subsidiaries: 24 Principal ones are as follows: RISO, INC., RISO TECHNOLOGY ZHUHAI CO., LTD. RISO INDUSTORIES (H.K.) LTD. RISO FRANCE S.A ., and RISO (Deutschland) GmbH, RISO INDIA PRIVATE LIMITED is included in the consolidated account as it was set up within the consolidated fiscal year under review. RISO Tsukuba Co., Ltd., RISO Chiba Co., Ltd. and RISO Shizuoka Co., Ltd. are excluded from the scope of consolidation given that they were merged into the Company within the consolidated fiscal year under review. (2) List of non-consolidated subsidiaries Same as left
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 consolidated financial statements, judging from their net income (calculated by equity method) and retained earnings (calculated by equity method).	(1) Same as left (2) Same as left
3. Fiscal year for consolidated subsidiaries	The accounting period of the subsidiaries listed below ends on December 31. RISO DE MEXICO S.A., RISO (SHANGHAI) INTERNATIONAL TRADING CO., LTD. , and RISO TECHNOLOGY ZHUHAI CO., LTD. The accounting period of the subsidiaries listed below ends on June 30. Kubota Office Machine Ltd. Consolidated financial statements are prepared, applying provisional financial statements in the accounting period ending on March 31 for these subsidiaries.	Same as left

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
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 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. 2 .Derivatives Stated at market value 3. Inventories Stated at cost, primarily determined by the moving-average method	1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the 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 Same as left 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.	Same as left Same as left
(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. 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. ――――――	1. Allowance for doubtful receivables Same as left 2. Accrued bonuses Same as left 3. Accrued directors' bonuses In preparation for the payment of bonuses to directors, the Company posts them according to the estimated amount payable in the consolidated fiscal year under review. They are not posted by subsidiaries in accordance with applicable standards. (Alteration to the accounting policy) In the consolidated fiscal year under review, the Accounting Standard on Directors' Bonuses (Corporate Accounting Standard No. 4 on Nov. 29, 2005) was adopted. For this reason, operating income, recurring income and net income before tax and other adjustments are each reduced by 50 million yen.

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
	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
	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.	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. The Company revised its retirement benefit scheme in August 2006 to adopt a point-based method. Past service liabilities are amortized by the cost on a straight line basis over a fixed number of years, namely 15 years, within the average remaining service years of the employee at the time when such liabilities come into being.
	6. Directors' retirement allowances The amount that is required to be paid as rewards to directors and operating officers 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.	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 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.	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 and minority interests in net assets.
(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.	Same as left

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(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.	Transaction of consumption taxes Same as left
5. Valuation of assets and liabilities of consolidated subsidiaries	The assets and liabilities of consolidated subsidiaries are totally recognized at the market value.	Same as left
6. Amortization of adjustments on consolidated accounts	Adjustments on consolidated accounts are evenly amortized over a period of 5 years.	(None)
7. Amortization of positive and negative goodwill	(None)	Goodwill is amortized on a straight line basis over five or ten years.
8. Report of net income appropriation	Net income appropriation is reported based on the appropriation results realized in the corresponding fiscal year.	(None)
9. 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

Changes in basic important matters for the preparation of consolidated financial statements

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(Accounting standards for impairment of fixed assets) The accounting standards for the impairment of fixed assets (“opinion on the establishment of accounting standards for the impairment of fixed assets” issued by the Business Accounting Council on August 9, 2002, and the “guideline for the application of the accounting standards for the impairment of fixed assets” (No. 6 corporate accounting standards application guideline dated October 31, 2003)) have been applied beginning the fiscal year under review. This caused a decline in income before income taxes by ¥25 million.	(None)
(None)	(Accounting standards for net assets in the balance sheet) Accounting Standard for Presentation of Net Assets in the Balance Sheet (Corporate Accounting Standard No. 5 on December 9, 2005) and Implementation Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (Corporate Accounting Standard Implementation Guidance No. 8 on December 9, 2005) have been applied since the consolidated fiscal year under review. The amount corresponding to the previous shareholders’ equity is ¥71,188 million. Net assets in the consolidated balance sheet for the consolidated fiscal year under review are presented in accordance with the new Rules on Consolidated Financial Statements following the amendment.

Reclassification

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(None)	(Consolidated Balance Sheet) *Trade rights* and *consolidated adjustment account* as presented for the preceding consolidated fiscal year are now collectively represented as *goodwill* for the consolidated fiscal year under review and for future years. (Consolidated Statements of Cash Flows) Amortization of trade rights included in *depreciation* and *amortization of adjustments on consolidated accounts* as shown for the preceding consolidated fiscal year are now collectively represented as *goodwill amortization* for the consolidated fiscal year under review and for future years.

Additional information

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(Consolidated balance sheet) We prepared past consolidated balance sheets based on the accounting standards of countries where our sales subsidiaries are located with respect to the recording of bad debt reserve and receivables covered by the bad debt reserve of subsidiaries. However, to achieve consistency with the accounting treatment of the submitting company, we showed the bad debt reserve and the receivables in accordance with the domestic standards. With this change, notes and accounts receivable included in current assets declined ¥973 million yen compared with the past method, and the other amounts included in investments and other securities increased ¥973 million. In addition, the allowance for doubtful receivables included in current assets fell ¥931 million, while the allowance for doubtful receivables included in investments and other securities rose ¥931 million. These amounts of changes are 1/100 or less of total assets.	(None)

Notes on Consolidated Balance Sheets

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
※1.The amount of investments on and securities of non-consolidated subsidiaries and affiliated companies which is included in the item “Others” in the section “Investments and other securities” is as follows: - Securities ¥17 million.	※1.The amount of investments on and securities of non-consolidated subsidiaries and affiliated companies which is included in the item “Others” in the section “Investments and other securities” is as follows: - Securities ¥17 million.
※2. Contingent liabilities (None)	※2. Contingent liabilities Management guidance memorandum Guarantee ORTEK Corporation ¥770 million The amount of guarantee stated above includes ¥472 million worth of liabilities by equity method.
※3. The total number of outstanding shares is 28,053,166 in common stock.	※3. (None)
※4. 1,487,476 shares of common stock are held as treasury stock.	※4. (None)
(None)	※5. Bills due on the final day of the consolidated fiscal year Bills due on the final day of the consolidated fiscal year are settled on the clearance date. Given that the final day of the consolidated fiscal year under review was a non-business day for financial institutions, bills due on the final day of the following consolidated fiscal year are included in the balance at the consolidated fiscal year end. Notes and accounts receivables ¥465 million Notes and accounts payables ¥608 million Others (Current assets) ¥13 million

Notes on Consolidated Statements of Income

<table>
<tr><th>FY 2006
(Year ended Mar. 31, 2006)</th><th>FY 2007
(Year ended Mar. 31, 2007)</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 — 12,566
Depreciation — 1,019
Provision for employees’ retirement allowances — 538
Provision for directors’ retirement allowances — 44
Provision for bonuses — 1,398
Research and development expenses — 4,444
Amortization of adjustments on Consolidated accounts — 19
Provision for doubtful receivables — 19
</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 — 13,275
Depreciation — 1,070
Provision for employees’ retirement allowances — 421
Provision for directors’ retirement allowances — 46
Provision for bonuses — 1,405
Accrued directors’ bonuses — 50
Research and development Expenses — 4,352
Depreciation of goodwill — 84
Provision for doubtful receivables — 19
</td></tr>
<tr><td>
※2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,444 million.
</td><td>
※2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,352 million.
</td></tr>
<tr><td>
※3. 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><td>
(None)
</td></tr>
</table>

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

For the consolidated accounting period (from April 1, 2006 to March 31, 2007)

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 accounting period	Decrease in number of shares in the consolidated accounting period	Number of shares at the end of the consolidated accounting period
Issued shares				
Common shares	28,053,166	—	—	28,053,166
Total	28,053,166	—	—	28,053,166
Treasury shares (Note)1, 2				
Common shares	1,487,476	100,218	22	1,587,672
Total	1,487,476	100,218	22	1,587,672

(Note) 1. The increment in shares of treasury stock consists of 218 shares acquired by purchasing odd shares and 100,000 shares purchased following a resolution of the Board of Directors as authorized by the Articles of Incorporation.
2. The decrement in shares of treasury stock comprises 22 odd shares sold off.

2. Dividends

(1) 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

(2)Dividends whose record date occurs during the term under review and whose effective date is in the following term

The following resolution is to be adopted.

(Resolution)	Type of Stock	Total Dividends (million yen)	Source of Dividends	Dividend per Share (yen)	Record Date	Effective Date
Ordinary general meeting of shareholders on June 26, 2007	Common Stock	1,058	Retained earnings	40	March 31, 2007	June 27, 2007

Notes on Consolidated Statements of Cash Flows

FY 2006 (Year ended Mar. 31, 2006)		FY 2007 (Year ended Mar. 31, 2007)	
Reconciliation between 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 March 31, 2006)		(As of March 31, 2007)
[Item]	[Amount] (Millions of yen)	[Item]	[Amount] (Millions of yen)
Cash and deposits	30,734	Cash and deposits	29,572
Time deposits with maturity of more than 3 months	(48)	Time deposits with maturity of more than 3 months	(450)
Short-term investment (marketable securities) with maturity of 3 months or less from the acquisition date	2,011	Short-term investment (marketable securities) with maturity of 3 months or less from the acquisition date	3,545
Cash and cash equivalents	32,697	Cash and cash equivalents	32,667

Notes on Lease Accounts

FY 2006 (Year ended Mar. 31, 2006)

1. Finance leases in which the ownership of leased assets is not transferred to lessees (as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation, accumulated impairment loss and net book value at the end of period

	Acquisition costs (millions of yen)	Accumulated depreciation (millions of yen)	Net book value at the end of period (millions of yen)
Machinery, equipment and vehicles	155	71	84
Tools, furniture and fixtures	305	169	135
Total	460	241	219

(2) Future lease payments for finance lease at the end of period and others

Future lease payments for finance lease at the end of period

(millions of yen)

Due within one year	91
Due after one year	139
Total	231

(3) Lease payments, reversal of allowances for impairment loss on leased assets, amount equivalent to depreciation expense, amount equivalent to interest expense and impairment loss

(millions of yen)

Lease payments	116
Depreciation	108
Interest expense	7

(4) Calculation method used to determine the amount equivalent to depreciation expense

The amount equivalent to depreciation is computed using the straight line method over the period of the finance leases on the assumption of no residual value.

(5) Calculation method used to determine the amount equivalent to interest

The amount equivalent to interest is calculated by subtracting acquisition costs from the total lease payments and allocated over the lease periods based on the interest method.

(Impairment loss)

There is no impairment loss allocated to leased assets.

2. Operating lease accounts (as a lessor)

Future lease receivables

(millions of yen)

Due within one year	392
Due after one year	470
Total	863

FY 2007 (Year ended Mar. 31, 2007)

1. Finance leases in which the ownership of leased assets is not transferred to lessees (as a lessee)

(1) Amounts equivalent to acquisition costs, accumulated depreciation, accumulated impairment loss and net book value at the end of period

	Acquisition costs (millions of yen)	Accumulated depreciation (millions of yen)	Net book value at the end of period (millions of yen)
Machinery, equipment and vehicles	186	73	112
Tools, furniture and fixtures	352	210	142
Total	539	284	254

(2) Future lease payments for finance lease at the end of period and others

Future lease payments for finance lease at the end of period

(millions of yen)

Due within one year	103
Due after one year	160
Total	263

(3) Lease payments, reversal of allowances for impairment loss on leased assets, amount equivalent to depreciation expense, amount equivalent to interest expense and impairment loss

(millions of yen)

Lease payments	120
Depreciation	114
Interest expense	6

(4) Calculation method used to determine the amount equivalent to depreciation expense

Same as left

(5) Calculation method used to determine the amount equivalent to interest

Same as left

(Impairment loss)

Same as left

2. Operating lease accounts (as a lessor)

Future lease receivables

(millions of yen)

Due within one year	441
Due after one year	739
Total	1,181

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
1. Operating lease accounts (as a lessor) Future lease receivables (millions of yen) Due within one year 2,164 Due after one year 3,507 Total 5,671	1. Operating lease accounts (as a lessor) Future lease receivables (millions of yen) Due within one year 2,345 Due after one year 2,996 Total 5,341

Notes on Marketable Securities

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

Type		FY 2006 (Year ended Mar. 31, 2006)			FY 2007 (Year ended Mar. 31, 2007)		
		Acquisition cost	Balance-sheet-booked value	Difference	Acquisition cost	Balance-sheet-booked value	Difference
Marketable securities whose balance-sheet-booked value exceeds acquisition cost	(1) Shares	1,268	5,003	3,734	1,199	4,092	2,893
	(2)Government bonds	—	—	—	—	—	—
	(3)Corporate bonds	—	—	—	—	—	—
	(4)Other bonds	—	—	—	500	500	0
	(5) Others	—	—	—	97	97	0
	Subtotal	1,268	5,003	3,734	1,796	4,690	2,893
Marketable securities whose balance-sheet-booked value does not exceed acquisition cost	(1) Shares	—	—	—	69	61	(8)
	(2)Government bonds	2,999	2,984	(15)	2,999	2,995	(4)
	(3)Corporate bonds	—	—	—	500	499	(0)
	(4)Other bonds	—	—	—	2,500	2,498	(2)
	(5) Others	—	—	—	—	—	—
	Subtotal	2,999	2,984	(15)	6,069	6,054	(15)
Total		4,268	7,987	3,718	7,866	10,744	2,877

2. Other marketable securities sold in the corresponding fiscal year (Millions of yen)

FY 2006 (Year ended Mar. 31, 2006)			FY 2007 (Year ended Mar. 31, 2007)		
Amount sold	Gain on sale	Loss on sale	Amount sold	Gain on sale	Loss on sale
6,773	83	0	14,103	9	—

3. Main marketable securities which are not recorded at market value (Millions of yen)

	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
	Balance-sheet-booked value	Balance-sheet-booked value
Other marketable securities		
Unlisted stock (excluding over-the-counter stock)	617	17
Money management fund	400	400
Commercial paper	—	1,397
Cash trusts	—	2,000
Others	711	747

4. Other marketable securities with fixed maturity to be matured after the consolidated closing date (Millions of yen)

	FY 2006 (Year ended Mar. 31, 2006)				FY 2007 (Year ended Mar. 31, 2007)			
	1 year or less	1 to 5 years	5 to 10 years	10 years over	1 year or less	1 to 5 years	5 to 10 years	10 years over
Government bonds	—	2,984	—	—	2,995	—	—	—
Corporate bonds	300	—	—	—	499	—	—	—
Other bonds	—	—	—	—	—	2,998	—	—
Commercial papers	999	—	—	—	1,397	—	—	—
Cash trusts	1,000	—	—	—	2,000	—	—	—
Others	—	—	—	—	—	—	—	—
Total	2,299	2,984	—	—	6,892	2,998	—	—

Notes on Derivative Accounts

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

Notes on Employees' Retirement Benefits

1. Outline of employees' retirement benefits applied

The following defined benefit plans are applied as employees' retirement benefits: a welfare pension fund scheme, a qualified retirement pension program and a lump-sum retirement allowance. In addition, a premium severance pay, which is not regarded as a part of retirement benefit obligation calculated according to the accounting standard for retirement benefits, may be offered to an employee at retirement in some cases.

A defined benefit plan is applied as employees' retirement benefits in some overseas subsidiaries as well.

2. Projection and allowances for employees' retirement benefits (Millions of yen)

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(1) Projected retirement benefit obligations	(8,746)	(9,503)
(2) Plan assets	6,618	7,303
(3) Uncovered retirement benefit obligations < (1)+(2) >	(2,127)	(2,199)
(4) Unrecognized actuarial differences	(934)	(1,301)
(5) Unrecognized prior service cost	—	390
(6) Net obligations to be carried on consolidated balance sheets < (3)+(4)+(5) >	(3,062)	(3,111)
(7) Employees' retirement allowances	(3,062)	(3,111)

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
Note: 1. As the applied welfare pension scheme, the Welfare Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries), is based on the corporate pension funds collected from a group of employers, the amount of plan assets corresponding to our contributions cannot be reasonably calculated. Therefore it is not included in the above-listed amount. The amount of plan assets of the aforesaid welfare pension fund and our membership ratio as of March 31, 2006 are as follows: - Plan asset amount ¥57,033 million - Our membership ratio 13.9%	Note: 1. As the applied welfare pension scheme, the Welfare Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationery Industries), is based on the corporate pension funds collected from a group of employers, the amount of plan assets corresponding to our contributions cannot be reasonably calculated. Therefore it is not included in the above-listed amount. The amount of plan assets of the aforesaid welfare pension fund and our membership ratio as of March 31, 2007 are as follows: - Plan asset amount ¥58,666 million - Our membership ratio 14.2%
2. Some consolidated subsidiaries apply a simplified method in computing retirement benefit obligations.	2. Same as left

3. Expenses on employees' retirement benefits (Millions of yen)

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
Total expenses	727	602
(1) Service expense	537	566
(2) Interest expense	166	183
(3) Expected investment returns (to be deducted)	(25)	(33)
(4) Amortization of actuarial differences	48	(132)
(5) Amortization of prior service cost	—	18

(Note) 1. The expenses on employees' retirement benefits in the consolidated subsidiaries applying a simplified method in computing retirement benefit obligations are included in "Service expense" in the above table.

2. The amounts of contributions we made to the welfare pension fund in FY2006 and FY2007 are respectively ¥332 million and ¥340 million.

4. Calculation basis of projected retirement benefit obligations (Millions of yen)

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
(1) Periodic allocation	Straight-line method	Same as left
(2) Discount rate	2.0%	2.0%
(3) Expected rate of investment returns	0.5%	0.5%
(4) Number of years for amortization of unrecognized prior service cost	—	15 years (to be charged to expenses based on the straight line method within the average remaining service period of emplyees)
(5) Amortization period of actuarial differences	15 years	15 years
	* The actuarial differences realized in the corresponding accounting period are amortized over the following fiscal years, 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.	Same as left

Notes on Tax Effect Accounting

FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
1. Breakdown of deferred tax assets and liabilities	1. Breakdown of deferred tax assets and liabilities

FY 2006 (Year ended Mar. 31, 2006)

1. Breakdown of deferred tax assets and liabilities

[Item]	[Amount] (millions of yen)
< Deferred tax assets >	
Denial of accrued bonuses	148
Excess of deductible amount for doubtful accounts	366
Denial of accrued bonuses	589
Denial of research and development expenses	386
Unrealized gains (losses)	1,462
Denial of valuation loss of investment securities and other	471
Retained loss carried forward	1,014
Excess of deductible amount for employees' retirement allowances	1,233
Denial of directors' retirement allowances	100
Others	842
Subtotal	6,616
Valuation allowances	(1,566)
Total	5,050
< Deferred tax liabilities >	
Net unrealized holding losses on securities	(1,513)
Others	(203)
Total	(1,716)
Net deferred tax assets	3,333

2. Reconciliation of the effective statutory tax rate according to tax effect accounting

[Item]	[%]
Effective statutory tax rate	40.7
< Reconciliation >	
Non-deductible items such as entertainment expenses	3.2
Evenly-allocated inhabitant tax and others	1.3
Items excluded from gross revenue such as dividend received	(0.3)
Special credit of corporation tax for research expenses and others	(9.4)
Application of retained loss carried forward for tax purposes	(1.0)
Valuation allowances	14.8
Equity-method loss	2.0
Others	1.0
Reconciled tax rate	52.3

FY 2007 (Year ended Mar. 31, 2007)

1. Breakdown of deferred tax assets and liabilities

[Item]	[Amount] (millions of yen)
< Deferred tax assets >	
Denial of accrued bonuses	127
Excess of deductible amount for doubtful accounts	295
Denial of accrued bonuses	613
Denial of research and development expenses	387
Unrealized gains (losses)	1,441
Denial of valuation loss of investment securities and other	471
Retained loss carried forward	1,193
Excess of deductible amount for employees' retirement allowances	1,249
Denial of directors' retirement allowances	118
Others	820
Subtotal	6,720
Valuation allowances	(1,883)
Total	4,836
< Deferred tax liabilities >	
Net unrealized holding losses on securities	(1,173)
Others	(31)
Total	(1,205)
Net deferred tax assets	3,631

2. Reconciliation of the effective statutory tax rate according to tax effect accounting

Notes on reconciliation between the statutory income tax rate and effective income tax rate according to tax effect accounting are omitted because the differential rate is 5% or less of the statutory tax rate

Segment Information

[Segment Information by Business]

- FY 2006 (Year ended Mar. 31, 2006) - (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	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 (loss)	3,982	829	4,812	—	4,812
2. Assets, depreciation and capex					
Assets	117,934	14,609	132,544	(14,097)	118,446
Depreciation	5,492	185	5,677	—	5,677
Impaired assets loss	25	—	25	—	25
Capital expenditure	6,065	—	6,065	—	6,065

- 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

Note:
1. We classify our businesses into two segments, an existing one, "Printing equipment-related business", and a new one, "Real estate business and others."
2. The given business segments are based on the segmentation for internal management.
3. 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
4. All costs and expenses are allocated to the respective business segments without leaving unallocated ones.
5. All assets are allocated to the respective business segments without holding all-segment-covering ones.

[Segment Information by Geographic Area]

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

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
1. Sales and operating income (loss)							
(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
2. Assets	112,255	10,730	11,303	7,497	141,786	(23,339)	118,446

- 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

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 2006 (Year ended Mar. 31, 2006) - (Millions of yen)

	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

- FY 2007 (Year ended Mar. 31, 2007) - (Millions of yen)

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

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.

Related Party Transactions

- FY 2006 (Year ended Mar. 31, 2006) -

(1) Directors and major individual shareholders

Type	Name	Address	Capital (Million yen)	Business or job title	Voting right ratio	Relationship		Transaction	Amount (Million yen)	Item	Balance at year-end (Million yen)
						Other duties	Business				
Directors or their relatives	Noboru Hayama	—	—	Father of Akira Hayama, President & CEO	5.16% directly	—	—	Offices leased	5	—	—
								Guarantee deposited	—	Deposited guarantee	4
								Advisory fee paid	10	—	—
								Stock purchased	2		
	Akira Hayama	—	—	President & CEO, Chairman of Riso Educational Foundation	3.19% directly, 2.77% indirectly	—	—	Donation	17	—	—
								Quarterly magazine purchased	2	—	—
								Offices leased	4	—	—
								Subsidy for administrative expenses received	10	—	—
								Company products sold	8	—	—
								Salaries of loaned employees paid	22	—	—
				President & CEO, Chairman of Tokyo Educational and Industrial Cooperative Association	3.19% directly, 2.77% indirectly	—	—	Investment	—	Investment	2
								Funds loaned	—	Loan	70
								Interest received	1	—	—
	Aizo Murakami	—	—	Auditor	0.01% directly	—	—	Lawyer's fee	7	—	—

Note 1. Consumption taxes are not included in the amounts of transaction.

2. The transactions with Riso Educational Foundation, of which Akira Hayama is Chairman, fall under transactions conducted by a director on behalf of a third party.

3. The transactions with Tokyo Educational and Industrial Cooperative Association, of which Akira Hayama is Chairman, fall under transactions conducted by a director on behalf of a third party. Akira Hayama retired as Chairman of Tokyo Educational and Industrial Cooperative Association on March 3, 2006.

4. Riso Educational Foundation, of which Akira Hayama is Chairman, holds 5.01% of the voting rights of the Company.

5. Terms and conditions of transactions and policy for determining terms and conditions of transactions

(1) The office lease transaction with Noboru Hayama relates to Print Techno Riso Kanda, whose rent is reviewed and decided through price negotiation at every renewal of contract, based on the assessment by a real estate appraiser. The guarantee deposited relates to this lease transaction, and the amount of the guarantee is decided through consultation between the parties, based on twelve times the monthly rent at the start of the contract.

(2) The advisory fee paid to Noboru Hayama is decided through negotiation, based on the provisions of the advisory agreement.

(3) The shares purchased from Noboru Hayama are the shares of RISO VEC Co., Ltd., a subsidiary of the Company, which were held by him. The purchase price was decided at a price which was obtained by multiplying the issue price at the time of establishment by the number of shares.

(4) The donation to Riso Educational Foundation, of which Akira Hayama is Chairman, is within the maximum allowable limit for inclusion in general donations under the Corporation Tax Law and is decided by the Company's Board of Directors.

(5) The quarterly magazine purchased from Riso Educational Foundation, of which Akira Hayama is Chairman, is purchased at a unit price calculated by dividing the production costs of the quarterly magazine by its circulation.

(6) The office lease transaction with Riso Educational Foundation, of which Akira Hayama is Chairman, relates to the offices of Riso Educational Foundation, whose rent is decided through price negotiation, based on market prices and with consideration given to surrounding area rents.

(7) The subsidy for administrative expenses received from Riso Educational Foundation, of which Akira Hayama is Chairman, is determined through negotiation, with consideration given to the number of loaned Company employees involved in administration of the Foundation's secretariat.

(8) The Company's products sold to Riso Educational Foundation, of which Akira Hayama is Chairman, are sold at a price decided in the same way as the terms and conditions of general transactions.

(9) The salaries paid to employees on loan to Riso Educational Foundation, of which Akira Hayama is Chairman, are decided based on a consideration of the salary level and duties of Company employees.

(10) The long-term loan of funds to Tokyo Educational and Industrial Cooperative Association, of which Akira Hayama is Chairman, amounts to ¥70 million, and interest is receivable in accordance with the provisions of an agreement on monetary loan for consumption. The interest rate is decided rationally based on a consideration of market interest rates.

(11) The lawyer's fee paid to Aizo Murakami is decided through negotiation, based on consideration of the old standard provision on legal fees of the Japan Federation of Bar Associations.

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

(1) Directors and major individual shareholders

Type	Name	Address	Capital (Million yen)	Business or job title	Voting right ratio	Relationship		Transaction	Amount (Million yen)	Item	Balance at year-end (Million yen)
						Other duties	Business				
Directors or their relatives	Noboru Hayama	—	—	Father of Akira Hayama, President & CEO	5.09% directly	—	—	Offices leased	2	—	—
								Guarantee deposited	3	—	—
								Advisory fee paid	9	—	—
	Akira Hayama	—	—	President & CEO, Chairman of Riso Educational Foundation	3.21% directly, 2.78% indirectly	—	—	Donation	26	—	—
								Subsidy for administrative expenses received	1	—	—
								Salaries of loaned employees paid	1	—	—
								Company products sold	7	—	—
	Aizo Murakami	—	—	Brother-in-low of Kawai, Senior Managing Director	0.01% directly	—	—	Lawyer's fee	8	—	—

Note 1. Consumption taxes are not included in the amounts of transaction.

2. The transactions with Riso Educational Foundation, of which Akira Hayama is Chairman, fall under transactions conducted by a director on behalf of a third party.

3. Riso Educational Foundation, of which Akira Hayama is Chairman, holds 5.02% of the voting rights of the Company.

4. Terms and conditions of transactions and policy for determining terms and conditions of transactions

(1) The office lease transaction with Noboru Hayama related to Print Techno Kanda Branch. The rent was reviewed and determined through price negotiation at each contract renewal, based on an assessment by a real estate appraiser. As this transaction was terminated on August 31, 2006, the guarantee deposit, the amount of which was decided through consultation between the parties based on twelve times the monthly rent at the start of the contract, has been refunded with a deduction of the amortization expense.

(2) The advisory fee paid to Noboru Hayama is decided through negotiation, based on the provisions of the advisory agreement.

(3) The donation to Riso Educational Foundation, of which Akira Hayama is Chairman, is within the maximum allowable limit for inclusion in general donations under the Corporation Tax Law and is decided by the Company's Board of Directors.

(4) The subsidy for administrative expenses received from Riso Educational Foundation chaired by Akira Hayama was determined through negotiation, with consideration given to the number of loaned Company employees involved in administration of the Foundation's secretariat. This transaction was terminated as the Company abolished the dispatch of its employees on May 31, 2006.

(5) The salaries paid to employees on loan to Riso Educational Foundation chaired by Akira Hayama were decided based on the salary level and duties of Company employees. This transaction was terminated as the Company abolished the dispatch of its employees on May 31, 2006.

(6) The Company's products sold to Riso Educational Foundation, of which Akira Hayama is Chairman, are sold at a price decided in the same way as the terms and conditions of general transactions

(7) The lawyer's fee paid to Aizo Murakami is decided through negotiation, based on consideration of the old standard provision on legal fees of the Japan Federation of Bar Associations.

Notes on Per-share Financial Data

FY 2006 (Year ended Mar. 31, 2006)		FY 2007 (Year ended Mar. 31, 2007)	
Shareholders' equity per share	¥2,595.28	Shareholders' equity per share	¥2,689.85
Net income per share	¥79.76	Net income per share	¥112.12
Diluted net income per share	¥77.22	Diluted net income per share	¥106.67
The Company conducted a two-for-one stock split effective November 18, 2005. Assuming that the stock split was conducted at the beginning of the previous fiscal year, information per share will become as shown follows:			
Shareholders' equity per share	¥2,463.37		
Net income per share	¥119.29		
Diluted net income per share	¥113.06		

(Note) Net income per share and diluted net income per share have been calculated on the following basis.

Item	FY 2006 (Year ended Mar. 31, 2006)	FY 2007 (Year ended Mar. 31, 2007)
Net income per share		
Net income (million yen)	2,154	2,977
Amounts not allocated to shareholders (million yen)	33	—
(Directors' bonuses from appropriation of profit)	(33)	(—)
Net income allocated to common stock outstanding (million yen)	2,121	2,977
Weighted average number of shares of common stock outstanding during fiscal year (thousand shares)	26,599	26,557
Diluted net income per share		
Adjustment for net income (million yen)	150	137
(Interest expenses after tax deduction)	(150)	(137)
Increase in shares of common stock (thousand shares)	2,819	2,651
(Convertible bonds)	(2,819)	(2,651)
Residual securities which does not dilute net income per share and which is not used for computation of diluted net income per share	—	—

Important subsequent matters

<table>
<tr><th>FY 2006
(Year ended Mar. 31, 2006)</th><th>FY 2007
(Year ended Mar. 31, 2007)</th></tr>
<tr><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 ended 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>
</td><td>(None)</td></tr>
</table>