Fiscal 2005 Consolidated Earnings Report

May 12, 2005

Company Name: RISO KAGAKU CORPORATION
Stock Code: 6413
（URL: http://www.riso.co.jp/）
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Board Meeting held to Approve the Results: May 12, 2005
US GAAPs Applied: No

Listed Market: JASDAQ
Headquarters: Tokyo

1. Consolidated Results (April 1, 2004 to March 31, 2005)

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

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2005	85,161	[1.8]	6,574	[- 21.3]	5,883	[- 11.9]
FY2004	83,666	[1.5]	8,353	[20.7]	6,680	[0.9]

	Net Income		Net Income Per Share	Diluted Net Income Per Share	Return on Equity	Recurring Income to Total Assets Ratio	Recurring Income to Net Sales Ratio
	Millions of yen	%	Yen	Yen	%	%	%
FY2005	3,280	[- 9.0]	238. 58	226. 12	5.1	5.4	6.9
FY2004	3,604	[15.4]	261. 29	246. 46	5.8	6.2	8.0

(Notes)
1. Equity-method loss (millions of yen): 243 in FY2005 and 652 in FY2004
2. Average no. of outstanding shares (Consolidated): 13,550,133 shares in FY2005 and 13,557,970 shares in FY2004
3. Changes in accounting standards: No
4. Percentage figures for net sales, operating income, recurring income and net income represent year-on-year changes.

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

	Total Assets	Shareholders' Equity	Equity Ratio	Book Value Per Share
	Millions of yen	Millions of yen	%	Yen
March 31, 2005	112,551	65,834	58.5	4,926. 74
March 31, 2004	107,374	63,732	59.4	4,696. 16

(Notes)
No. of shares issued (Consolidated): 13,353,010 shares on Mar. 31, 2005, and 13,558,001 shares on Mar. 31, 2004

(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
FY2005	6,282	- 3,267	- 1,431	33,526
FY2004	6,587	- 5,979	- 3,541	31,832

(4) Scope of Consolidation and Application of Equity Method
Consolidated subsidiaries: 28　Equity-method non-consolidated subsidiaries: 0
Equity-method affiliates: 1

(5) Changes in Scope of Consolidation and Application of Equity Method
Consolidated subsidiaries: (New) 1 / (Excluded) 0　Equity-method affiliates: (New) 0 / (Excluded) 0

2. Forecast for FY 2006 (April 1, 2005 to March 31, 2006) (Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Interim Results	40,800	1,100	600
Year-end Results	89,700	5,800	3,300

(Remarks) Projected net income per share at year-end: 247.14 yen

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), 29 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 CO., LTD.
RISO TSUKUBA CO., LTD.
RISO CHIBA CO., LTD.
RISO SHIZUOKA CO., LTD.

Printing equipment - Sales and funded research and development
RISO VEC CO., LTD.

Real estate business and others
- Insurance
RISO AGENCY CO., LTD.

- 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.

(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.

By implementing this medium-term management plan, we aim to achieve consolidated sales of ¥100 billion and operating income margin of 10% at year-end in FY2007.

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.
Regarding retained earnings, we will use them to enhance the operating results through improvement of the balance sheet, capital investment and research and development.

3. Medium-to-Long-Term Management Objectives and Strategies

In FY2005, which was the initial fiscal year of the current medium-term management plan, RISO operated business with the following management objectives.
(1) Developing new product sales;
(2) Achieving spectacular improvement in design, engineering and production capabilities;
(3) Reviving sales in the United States and China; and
(4) Strengthening customer-oriented planning and development capabilities.

As for developing new product sales, we focused on the marketing of the high-speed full-color printer, ORPHIS (RISO) HC5000, and launched it overseas as well last October. In addition, as new digital printer models, we started the sales of RISOGRAPH RZ Series, which feature improved usability and image quality, both in Japan and overseas. We also introduced the one-pass two-color printer which realized the operating speed of 150 copies per minute for the first time in the corresponding segment, RISOGRAPH MZ Series, into the Japanese market last December.
Speaking of achieving spectacular improvement in design, engineering and production capabilities, we launched the VCM (Value Chain Management) project to establish the development and production systems which allow flexible responses to market demands through practicing supply chain management, thus keeping appropriate inventories from the standpoint of overall optimization.
Regarding reviving sales in the United States and China, the subsidiary’s revenue regrettably declined in both countries. However, the operations were revitalized through new product entry in the United States and operating income margin was improved by the progress of sales efficiency

in China.
In FY2006, which is the second fiscal year of the current medium-term management plan, we will operate business focusing on the following 5 points.
(1) Expansion of inkjet business
(2) Sales expansion of one-pass two-color printers
(3) R&D, engineering and production operations in pursuit of overall optimization
(4) Quality enhancement of management mind
(5) Promotion of environment-conscious management and buildup of VCM system

RISO will aim to enhance own business performance by promoting the above-listed measures.

4. Basic Corporate Governance Policies and Procedures

[1] Basic Policies
We regard corporate governance as an essential for sound corporate management and acknowledge that compliance is in turn fundamental to corporate governance. Based on this recognition, we do not just comply with the laws and company rules but also respect social ethics and morals and operate business with the awareness of our position as a member of society.

[2] Current Procedures

(1) Directors, board of directors, auditors and board of auditors
The board of directors is composed of 10 directors and holds regular monthly board meetings and extra board meetings if required to make decisions on various management issues. Among the said 10 board members, outside directors are not included.
The board of auditors is composed of 1 full-time auditor and 2 part-time outside ones (a lawyer and a public accountant), and is conducting the audit fairly and objectively. The auditors generally attend the meetings held by the board of directors and besides the full-time auditor also attends the executive committees and other important internal meetings, to surely check the management operations by directors.
As supplementary information, an outside director (a lawyer) is scheduled to take office if the proposal of election of directors is approved at the 51st general shareholders meeting to be held on June 24, 2005.

(2) Accounting audit
We are under audit contract with KPMG AZSA & Co. to retain the accounting auditor required by the Commercial Law in Japan and to undergo the auditing stipulated by the Securities and Exchange Law in Japan. No special interest exists between our company and the above-mentioned auditing firm or its ordinary partners conducting the auditing.

(3) Officers' remuneration and audit fee (in FY2005)
The officers' remuneration and the audit fee paid in FY2005 are as follows.
- Officers' remuneration
  For directors: ¥180 million
  For auditors: ¥20 million
  * The above amount of payment does not include the portion corresponding to the employee's salaries of directors having duties in an employee's capacity.
- Audit fee
  For audit certification by contract: ¥26 million
  For other services: ¥5 million

(4) Internal auditing and others
We place the audit department under the direct command of CEO for internal control. In addition, to make the compliance mind root deeply in the company, we have instituted the "compliance management codes" installing CEO as superintendent, appointed a director in charge of supervising compliance program performance and reform and distributed a compliance handbook to all company members, with a high regard for compliance.

(5) Lawyers
Regarding legal issues, we request professional advice and counseling to the lawyer under advisory contract when required.

(6) Outside auditors' interests with the Company, such as personal, capital and transactional relationships

Name (Post)	Personal Relationship	Capital or Transactional Relationship
Aizo Murakami (Outside auditor)	Brother-in-law of Nobuo Kawai, Senior Managing Director	Company's advisory lawyer

(7) Enhancement of timely disclosure
We actively make timely information disclosure and post such information as earnings reports, timely-disclosed information and closing account announcement on the Company's web site (http://www.riso.co.jp) to ensure the transparency of management.

(8) Acquirement of ratings
2 rating companies, Japan Credit Rating Agency, Ltd. and Rating and Investment Information, Inc., provide us with the ratings determined through professional evaluation of our management performance. We will draw upon them to improve management while enhancing its transparency and financial strength.

5. Parent-company-related Issues

None

(3) Business Results and Financial Positions

1. Business Results

In the past fiscal year, the Japanese economy was on a recovering trend, led by revenue increase in major corporations, but its future was increasingly uncertain, affected by natural disaster and escalating oil prices. When we turn our eyes to other countries, the improvement of corporate profits boosted up the economy in U.S. but the European economic growth remained slow due to the increasing braking effect of strong Euro. In Asia, on the other hand, the economy expanded, fueled by steady increase of consumption and growth in capital investment in China.
Under such a global economic climate, RISO operated business with a focus on the marketing of the high-speed full-color printer, ORPHIS (RISO) HC5000, and launched it overseas as well last October. In addition, as another core model of digital printers, we started the sales of RISOGRAPH RZ Series, which feature improved usability and image quality. We also introduced the one-pass two-color printer which realized the operating speed of 150 copies per minute for the first time in the corresponding segment, RISOGRAPH MZ Series, into the Japanese market last December.

Consolidated net sales rose ¥1,495 million (1.8%) year-on-year to ¥85,161 million, favored by the smooth sales increase of the high-speed full-color printer, ORPHIS (RISO) HC5000, though the sales of digital printers were below the target both in Japan and overseas.
Sales cost increased ¥3,321 million (9.1%) year-on-year to ¥39,859 million, given the increase of production costs due to the introduction of new products. Selling, general and administrative expenses, on the other hand, dropped 0.1% year-on-year to ¥38,727 million, in spite of the increase of advertisement expenses. As a result, operating income declined 21.3% year-on-year to ¥6,574 million.
Recurring income dropped 11.9% year-on-year to ¥5,883 million, as a consequence of the record of the loss on retirement of fixed assets and the equity-method loss relating to ORTEK CORPORATION in the non-operating section.
As the results given above, net income declined 9.0% year-on-year to ¥3,280 million.

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

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

Domestic sales remained steady, supported by strong demands for supplies of digital printers and favorable effects of the launch of the high-speed full-color printer, ORPHIS (RISO) HC5000, though the sales of digital printers were below the target. On the other hand, the Asian dealer sales results were almost as projected. As a result, net sales rose 4.8% year-on-year to ¥47,590 million, including the amount acquired in real estate and other businesses, but operating income decreased 10.3% year-on-year to ¥6,011 million due to the increase of prior investment on sales expansion of new products.

(2) The Americas - Total American subsidiaries' sales

In the Americas, net sales dropped 6.8% year-on-year to ¥13,099 million, affected by tough direct sales operations and dollar depreciation against Japanese yen. As for operating income, the loss of ¥379 million was recorded against the profit of ¥13 million in the previous fiscal year, due to the appropriation of allowance for some doubtful accounts receivable.

(3) Europe - Total European subsidiaries' sales

In Europe, the sales result was favorable, supported by the positive effects of the introduction of ORPHIS (RISO) HC5000 and the good performance in France. As a result, net sales rose 5.7% year-on-year to ¥16,832 million and operating income increased 186.1% year-on-year to ¥745 million.

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

In Asia, the sales results were almost as projected in Southeast Asian markets, while they stayed below the target in the Chinese market, affected by the market trend shift toward low-end printer models and the application of the marketing policy with more emphasis on profits. As a result, net sales decreased 7.5% year-on-year to ¥7,638 million. On the other hand, operating income increased 458.8% to ¥390 million because the production operation took off with improved management in the manufacturing subsidiaries.

2. Financial Positions

Consolidated Cash Flows

Cash and cash equivalents increased ¥1,693 million to ¥33,526 million when calculated on March 31, 2005, compared with the corresponding value on March 31, 2004.

The cash flows from the respective categorized activities in the past fiscal year are described below, including their contributing factors.

Cash Flows from Operating Activities

Operating activities provided ¥6,282 million as net cash, in succession to the acquisition of ¥6,587-million net cash in the previous fiscal year. This position resulted from both the main cash inflows of ¥5,883 million as income before income taxes and of ¥2,948 million as depreciation allowance, and the main cash outflows of ¥1,767 million as increase in accounts receivable, of ¥1,048 million as increase in inventories and of ¥2,602 million as payment of corporate income taxes.

Cash Flows from Investing Activities

Investing activities used ¥3,267 million as net cash, in succession to the use of ¥5,979-million net cash in the previous fiscal year. This position resulted from the main cash outflows of ¥2,253 million as acquisition of tangible fixed assets.

Cash Flows from Financing Activities

Financing activities used ¥1,431 million as net cash, in succession to the use of ¥3,541-million net cash in the previous fiscal year. This position resulted from the main cash outflows of ¥909 million as repurchase of own shares and of ¥813 million as payment of dividends.

3. Business Outlook in Fiscal Year 2006

The Japanese economy does not still allow optimism, bringing concern about decline in corporate profits as a consequence of dollar depreciation against Japanese yen and escalating prices of oil and steel. Besides, we are required to operate business in response to increasing awareness of environmental issues.

Under this business environment, RISO will work with full energy on the major issues raised in

the aforementioned medium-term management plan, “Riso Vision 07.”
We expect net sales will increase through the sales expansion of RISOGRAPH MZ series and ORPHIS (RISO) HC5000 in Japan and that performance will also get better, aided by the active marketing of ORPHIS (RISO) HC5000 in the Americas. In Europe, continuous strengthening of direct sales structures will contribute to sales increase and we assume that the same result will be expected through the sales expansion of digital printers in Asia.

Summarizing the prospect of the performance in FY2006, net sales are expected to increase 5.3% year-on-year to ¥89,700 million, recurring income drop 1.4% to ¥5,800 million and net income rise 0.6% to ¥3,300 million.
In the above prospect, we use the exchange rates of ¥103 against the US dollar and ¥133 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 FY2005.

(1) Exchange rate fluctuation

About 50% of total sales amounts are realized overseas in our 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 has negative effects on our business results while their appreciation against the same has positive ones on them.

(2) Technological innovation

Our core business is the research, development, manufacturing and sales of office digital printers. If an innovative technology that competes against digital duplicating appears under this environment, in particular, our products could fall behind the times. In case we cannot appropriately anticipate changes in the market and develop attractive products, our future growth and profitability could be lowered, adversely affecting our business results and financial positions.

(3) 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. Though RISO is one of the leading companies that manufacture and market high-quality and high-valued added printers and their supplies, the intensifying competitions for lower product prices as well as machine performance could have adverse effects on our business results and financial positions.

(4) 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 our business results and financial positions.

(5) Natural disasters and accidents

When our 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. Besides, large expenses could be required to restore the damaged facilities.

(4) Consolidated Financial Statements

[1] Consolidated Balance Sheets

	FY 2004 (As of Mar. 31, 2004)			FY 2005 (As of Mar. 31, 2005)			Y-O-Y Change
Item	Amount (Millions of yen)		(%)	Amount (Millions of yen)		(%)	Amount (Millions of yen)
(ASSETS)							
Ⅰ Current assets							
1. Cash and deposits		30,377			31,671		1,294
2. Notes and accounts receivable		16,153			18,297		2,144
3. Marketable securities		2,799			2,200		(599)
4. Inventories		11,303			12,664		1,361
5. Deferred tax assets (short)		2,700			2,457		(242)
6. Others		1,587			1,499		(88)
Allowance for doubtful receivables (short)		(851)			(1,190)		(339)
Total current assets		64,070	59.7		67,601	60.1	3,530
Ⅱ Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	18,031			18,156			
Less-Accumulated depreciation	9,096	8,934		9,560	8,595		(339)
(2) Machinery, equipment and vehicles	6,839			7,428			
Less-Accumulated depreciation	4,923	1,916		5,407	2,021		105
(3) Tools, furniture and fixtures	15,414			15,722			
Less-Accumulated depreciation	13,013	2,400		13,345	2,376		(24)
(4) Land		14,899			14,899		—
(5) Construction in progress		291			62		(228)
(6) Others	12,407			13,466			
Less-Accumulated depreciation	8,091	4,315		8,952	4,514		198
Total tangible fixed assets		32,758	30.5		32,469	28.8	(288)
2. Intangible fixed assets							
(1) Trade rights		408			362		(46)
(2) Software		1,163			1,134		(29)
(3) Consolidated adjustment account		63			42		(21)
(4) Others		249			513		264
Total intangible fixed assets		1,885	1.8		2,052	1.8	167
3. Investments and other securities							
(1) Investment in securities		3,375			4,283		908
(2) Long-term advances		375			290		(84)
(3) Deferred tax assets (long)		1,391			1,424		33
(4) Others		3,801			4,724		923
Allowance for doubtful receivables (long)		(283)			(296)		(12)
Total investments and other securities		8,659	8.0		10,427	9.3	1,767
Total fixed assets		43,303	40.3		44,950	39.9	1,647
Total assets		107,374	100.0		112,551	100.0	5,177

	FY 2004 (As of Mar. 31, 2004)		FY 2005 (As of Mar. 31, 2005)		Y-O-Y Change
Item	Amount (Millions of yen)	(%)	Amount (Millions of yen)	(%)	Amount (Millions of yen)
(LIABILITIES)					
Ⅰ Current liabilities					
1. Notes and accounts payable	10,347		11,357		1,009
2. Short-term loans	4,799		5,292		493
3. Long-term bank borrowings due within one year	67		69		1
4. Accrued taxes	1,367		1,292		(74)
5. Accrued bonuses	1,644		1,632		(11)
6. Accrued warranty costs	35		44		9
7. Others	4,663		5,995		1,331
Total current liabilities	22,925	21.3	25,685	22.8	2,759
Ⅱ Long-term liabilities					
1. Convertible bonds	16,915		16,915		—
2. Long-term bank borrowings	260		169		(91)
3. Employees’ retirement allowances	2,724		2,970		245
4. Directors’ retirement allowances	308		279		(28)
5. Equity-method debt	106		263		157
6. Others	275		287		12
Total long-term liabilities	20,589	19.2	20,885	18.6	295
Total liabilities	43,515	40.5	46,570	41.4	3,055
(MINORITY INTERESTS)					
Minority interests	126	0.1	146	0.1	20
(SHAREHOLDERS’ EQUITY)					
Ⅰ Common stock	14,114	13.1	14,114	12.5	—
Ⅱ Capital reserve	14,779	13.8	14,779	13.1	0
Ⅲ Retained earnings	36,673	34.2	39,078	34.7	2,405
Ⅳ Net unrealized holding gains or losses on securities	730	0.7	976	0.9	245
Ⅴ Foreign currency translation adjustments	(1,163)	(1.1)	(802)	(0.7)	360
Ⅵ Treasury stock	(1,402)	(1.3)	(2,311)	(2.0)	(909)
Total shareholders’ equity	63,732	59.4	65,834	58.5	2,102
Total liabilities, minority interests and shareholders’ equity	107,374	100.0	112,551	100.0	5,177

[2] Consolidated Statements of Income

Item	FY 2004 (Year ended Mar. 31, 2004) Amount (Millions of yen)		(%)	FY 2005 (Year ended Mar. 31, 2005) Amount (Millions of yen)		(%)	Y-O-Y Change Amount (Millions of yen)
Ⅰ Net sales		83,666	100.0		85,161	100.0	1,495
Ⅱ Cost of sales		36,538	43.7		39,859	46.8	3,321
Gross profit		47,128	56.3		45,302	53.2	(1,825)
Ⅲ Selling, general and administrative expenses		38,774	46.3		38,727	45.5	(47)
Operating income		8,353	10.0		6,574	7.7	(1,778)
Ⅳ Other income							
1. Interest income	76			89			
2. Dividend income	64			62			
3. Gains on sale of investment securities	102			—			
4. Others	282	525	0.6	378	530	0.6	4
Ⅴ Other expenses							
1. Interest expenses	544			468			
2. Equity method losses	652			243			
3. Exchange losses	569			110			
4. Losses on sale of fixed assets	—			213			
5. Others	431	2,198	2.6	186	1,221	1.4	(977)
Recurring income		6,680	8.0		5,883	6.9	(796)
Income before income taxes		6,680	8.0		5,883	6.9	(796)
Corporate income tax and other tax expenses	2,423			2,526			
Corporate income tax and other tax adjustments	646	3,070	3.7	61	2,587	3.0	(482)
Minority interest in net income of consolidated subsidiaries		5	0.0		15	0.0	9
Net income		3,604	4.3		3,280	3.9	(323)

[3] Consolidated Surplus Statements

Item	FY 2004 (Year ended Mar. 31, 2004) Amount (Millions of yen)		FY 2005 (Year ended Mar. 31, 2005) Amount (Millions of yen)		Y-O-Y Change Amount (Millions of yen)
(CAPITAL RESERVE)					
Ⅰ Capital reserve brought forward		14,779		14,779	0
Ⅱ Increases					
1. Gains on retirement of treasury stock	0	0	0	0	0
Ⅲ Capital reserve carried forward		14,779		14,779	0
(RETAINED EARNINGS)					
Ⅰ Retained earnings brought forward		33,864		36,673	2,808
Ⅱ Increases					
1. Net income	3,604	3,604	3,280	3,280	(323)
Ⅲ Decreases					
1. Dividends	745		813		
2. Bonuses to directors	50	795	62	875	79
Ⅳ Retained earnings carried forward		36,673		39,078	2,405

[4] Consolidated Statements of Cash Flows

Item	FY 2004 (Year ended Mar. 31, 2004) Amount (Millions of yen)	FY 2005 (Year ended Mar. 31, 2005) Amount (Millions of yen)
Ⅰ Cash flows from operating activities		
Income before income taxes	6,680	5,883
Depreciation	2,276	2,948
Amortization of adjustments on consolidated accounts	18	17
Equity method losses	652	243
Increase in employees' retirement allowances	456	245
Decrease in directors' retirement allowances	(610)	(28)
Increase (decrease) in allowance for doubtful receivables	(0)	337
Interest and dividends receivable	(140)	(151)
Interest payable	544	468
Exchange losses	160	109
Losses (gains) on sale of investment securities	(102)	0
Increase in accounts receivable	(110)	(1,767)
Decrease (increase) in inventories	96	(1,048)
Increase (decrease) in accounts payable	(245)	700
Increase (decrease) in accrued expenses	(382)	750
Directors' bonuses paid	(50)	(62)
Others, net	705	557
Subtotal	9,947	9,204
Interest and dividends received	140	151
Interest paid	(539)	(471)
Income taxes paid	(2,961)	(2,602)
Net cash provided by (used in) operating activities	6,587	6,282
Ⅱ Cash flows from investing activities		
Increase in time deposits	(5)	(716)
Decrease in time deposits	3	9
Payments for purchase of marketable securities	(2,298)	(300)
Proceeds from sale of marketable securities	1,300	1,299
Payments for acquisition of tangible fixed assets	(4,749)	(2,253)
Payments for acquisition of intangible fixed assets	(374)	(679)
Payments for purchase of investment securities	(490)	(603)
Proceeds from sale of investment securities	589	101
Increase in loans receivable	(80)	(42)
Decrease in loans receivable	101	128
Others, net	24	(209)
Net cash provided by (used in) investing activities	(5,979)	(3,267)
Ⅲ Cash flows from financing activities		
Net increase (decrease) in short-term loans	(2,636)	377
Proceeds from long-term bank borrowings	70	4
Repayments of long-term bank borrowings	(61)	(90)
Payments for redemption of corporate bonds	(169)	—
Payments for purchase of treasury stock	—	(909)
Cash dividends paid	(746)	(813)
Others, net	0	0
Net cash provided by (used in) financing activities	(3,541)	(1,431)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	(239)	109
Ⅴ Increase (decrease) in cash and cash equivalents	(3,173)	1,693
Ⅵ Cash and cash equivalents, beginning of year	35,006	31,832
Ⅶ Cash and cash equivalents, end of year	31,832	33,526

Significant Notes in Preparation of Consolidated Financial Statements

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
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. RISO INDUSTRIES (H.K.) LTD. was established and consolidated during the fiscal 2004. (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.	(1) Number of consolidated subsidiaries: 28 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. Kubota Office Machine Ltd. was purchased and consolidated during the fiscal 2005. (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 ORTEK CORPORATION was established and accounted for by the equity method during the fiscal 2004. (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) Number of affiliated companies accounted for by the equity method: 1 ORTEK CORPORATION (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. Consolidated financial statements are prepared, applying provisional financial statements in the accounting period ending on March 31 for these 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.

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
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) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Same as left - Other marketable securities without market quotations 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
	(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. 3. 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.	(3) Accounting rules for major allowances and accruals 1. Allowance for doubtful receivables Same as left 2. Accrued bonuses Same as left 3. Accrued warranty costs Same as left

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
	4. 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. 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.	4. Employees' retirement allowances Same as left 5. Directors' retirement allowances Same as left
	(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.	(4) Conversion rules of main items in foreign currencies Same as left
	(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
	(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.	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements Transaction of consumption taxes Same as left

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
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.	Same as left
7. Report of net income appropriation	Net income appropriation is reported based on the appropriation results realized in the corresponding fiscal year.	Same as left
8. 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

Reclassification

FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
(None)	［Consolidated statements of income］ The losses on sale of fixed assets, which amounted to ¥84 million in the previous fiscal year and were included in “Others” under “Other expenses,” are shown separately on the corresponding income statements because they have exceeded 10% of the total amount of other expenses.

Notes on Consolidated Balance Sheets

FY 2004 （As of Mar. 31, 2004）	FY 2005 （As of Mar. 31, 2005）
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 Guaranty of liabilities for bank loans made by other group companies than consolidated subsidiaries <Guaranteed> AVENIR CO., LTD ¥30 million
3. The total number of outstanding shares is 14,026,500 in common stock.	3. The total number of outstanding shares is 14,026,500 in common stock.
4. 468,499 shares of common stock are held as treasury stock.	4. 673,490 shares of common stock are held as treasury stock.

Notes on Consolidated Statements of Income

FY 2004 (Year ended Mar. 31, 2004)		FY 2005 (Year ended Mar. 31, 2005)	
1. The main items of "Selling, general and administrative expenses" and their amounts are given below.		1. The main items of "Selling, general and administrative expenses" and their amounts are given below.	
[Item]	[Amount] (millions of yen)	[Item]	[Amount] (millions of yen)
Employees' salaries and bonuses	12,537	Employees' salaries and bonuses	12,242
Depreciation	851	Depreciation	939
Provision for employees' retirement allowances	754	Provision for employees' retirement allowances	613
Provision for directors' retirement allowances	208	Provision for directors' retirement allowances	40
Provision for bonuses	1,388	Provision for bonuses	1,345
Research and development expenses	4,049	Research and development expenses	4,331
Amortization of adjustments on Consolidated accounts	18	Amortization of adjustments on Consolidated accounts	17
Provision for doubtful receivables	75	Provision for doubtful receivables	303
2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,174 million.		2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,331 million.	

Notes on Consolidated Statements of Cash Flows

FY 2004 (Year ended Mar. 31, 2004)		FY 2005 (Year ended Mar. 31, 2005)	
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, 2004)		(As of March 31, 2005)
[Item]	[Amount] (Millions of yen)	[Item]	[Amount] (Millions of yen)
Cash and deposits	30,377	Cash and deposits	31,671
Time deposits with maturity of more than 3 months	(45)	Time deposits with maturity of more than 3 months	(45)
Short-term investment (Marketable securities) with maturity of 3 months or less from the acquisition date	1,500	Short-term investment (Marketable securities) with maturity of 3 months or less from the acquisition date	1,900
Cash and cash equivalents	31,832	Cash and cash equivalents	33,526

Notes on Lease Accounts

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

Notes on Marketable Securities

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

Type		FY 2004 (Year ended Mar. 31, 2004)			FY 2005 (Year ended Mar. 31, 2005)		
		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	1,128	2,360	1,232	1,128	2,778	1,649
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Subtotal	1,128	2,360	1,232	1,128	2,778	1,649
Marketable securities whose balance-sheet-booked value does not exceed acquisition cost	(1) Shares	—	—	—	—	—	—
	(2) Bonds	—	—	—	—	—	—
	(3) Others	—	—	—	190	187	(2)
	Subtotal	—	—	—	190	187	(2)
Total		1,128	2,360	1,232	1,319	2,966	1,646

2. Other marketable securities sold in the corresponding fiscal year (year ended Mar. 31, 2004) (Millions of yen)

FY 2004 (Year ended Mar. 31, 2004)			FY 2005 (Year ended Mar. 31, 2005)		
Amount sold	Gain on sale	Loss on sale	Amount sold	Gain on sale	Loss on sale
1,889	130	28	1,606	—	0

3. Main marketable securities which are not recorded at market value (as of Mar. 31, 2004) (Millions of yen)

	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
	Balance-sheet-booked value	Balance-sheet-booked value
Other marketable securities		
Unlisted stock (excluding over-the-counter stock)	1,014	1,017
Money management fund	—	400

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

	FY 2004 (Year ended Mar. 31, 2004)		FY 2005 (Year ended Mar. 31, 2005)	
	1 year or less	1 to 5 years	1 year or less	1 to 5 years
Corporate bonds	300	—	300	—
Commercial papers	999	—	—	—
Cash trusts	1,500	—	1,500	—
Others	—	—	—	300

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 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
(1) Projected retirement benefit obligations	(8,106)	(8,360)
(2) Plan assets	4,454	5,046
(3) Uncovered retirement benefit obligations < (1)+(2) >	(3,652)	(3,313)
(4) Unrecognized actuarial differences	927	343
(5) Net obligations to be carried on consolidated balance sheets < (3)+(4) >	(2,724)	(2,970)
(6) Employees' retirement allowances	2,724	2,970

FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
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, 2004 are as follows: - Plan asset amount ¥45,312 million - Our membership ratio 13.4% 2. Some consolidated subsidiaries apply a simplified method in computing retirement benefit obligations.	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, 2005 are as follows: - Plan asset amount ¥46,550 million - Our membership ratio 13.5% 2. Same as left

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

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
Total expenses	944	811
(1) Service expense	549	540
(2) Interest expense	152	161
(3) Expected investment returns (to be deducted)	(17)	(22)
(4) Actuarial differences	261	131

(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 FY2004 and FY2005 are respectively ¥283 million and ¥284 million.

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

Item	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
(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) 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.	

Notes on Tax Effect Accounting

FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
1. Breakdown of deferred tax assets and liabilities	1. Breakdown of deferred tax assets and liabilities

FY 2004 (Year ended Mar. 31, 2004)

1. Breakdown of deferred tax assets and liabilities

[Item]	[Amount] (millions of yen)
< Deferred tax assets >	
Denial of accrued enterprise tax	147
Excess of deductible amount for doubtful accounts	285
Denial of accrued bonuses	567
Denial of research and development expenses	459
Unrealized gains (losses)	1,204
Denial of valuation loss of investment securities and other	494
Excess of deductible amount for employees' retirement allowances	952
Denial of directors' retirement allowances	125
Others	752
Subtotal	4,989
Valuation allowances	(307)
Total	4,682
< Deferred tax liabilities >	
Net unrealized holding losses on securities	(501)
Others	(89)
Total	(590)
Net deferred tax assets	4,091

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

[Item]	[%]
Effective statutory tax rate	42.1
< Reconciliation >	
Non-deductible items such as entertainment expenses	1.9
Evenly-allocated inhabitant tax and others	1.5
Items excluded from gross revenue such as dividend received	(0.2)
Reduction in deferred tax assets at year-end due to tax rate change	0.6
Special credit of corporation tax for research expenses and others	(5.8)
Net loss carried forward	3.1
Equity-method loss	4.1
Others	(1.3)
Reconciled tax rate	46.0

3. As for the deferred tax assets and liabilities carried forward from the previous fiscal year, different effective statutory tax rates have been applied to them according to their expected elimination date. If they are to be eliminated within the corresponding fiscal year, 42.1% has been applied as effective statutory tax rate, following the local tax laws before revision. On the other hand, for those whose expected elimination date is later than the end of the corresponding fiscal year, 40.5% has been applied in compliance with the revised local tax laws. For those newly recorded in the corresponding fiscal year, besides, 40.7% has been applied in accordance with the revised local tax laws. As a result, deferred tax assets (with deduction of deferred tax liabilities) declined ¥42 million, corporate income tax and other tax adjustments rose ¥39 million and net unrealized holding losses on securities dropped ¥2 million in the corresponding fiscal year.

FY 2005 (Year ended Mar. 31, 2005)

1. Breakdown of deferred tax assets and liabilities

[Item]	[Amount] (millions of yen)
< Deferred tax assets >	
Denial of accrued bonuses	125
Excess of deductible amount for doubtful accounts	401
Denial of accrued bonuses	603
Denial of research and development expenses	419
Unrealized gains (losses)	1,234
Denial of valuation loss of investment securities and other	494
Retained loss carried forward	519
Excess of deductible amount for employees' retirement allowances	1,105
Denial of directors' retirement allowances	113
Others	458
Subtotal	5,475
Valuation allowances	(820)
Total	4,655
< Deferred tax liabilities >	
Net unrealized holding losses on securities	(670)
Others	(103)
Total	(773)
Net deferred tax assets	3,882

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	3.0
Evenly-allocated inhabitant tax and others	1.0
Items excluded from gross revenue such as dividend received	(0.2)
Special credit of corporation tax for research expenses and others	(7.4)
Net loss carried forward	0.6
Application of retained loss carried forward for tax purposes	(0.8)
Valuation allowances	7.1
Equity-method loss	1.7
Others	(1.7)
Reconciled tax rate	44.0

3. (None)

Segment Information

[Segment Information by Business]

- FY 2004 (Year ended Mar. 31, 2004) - (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	83,045	621	83,666	—	83,666
(2) Inter-segment sales	—	53	53	(53)	—
[Total]	83,045	675	83,720	(53)	83,666
Costs and expenses	74,965	402	75,367	(53)	75,313
Operating income (loss)	8,079	273	8,353	—	8,353
2. Assets, depreciation and capex					
Assets	107,417	14,954	122,372	(14,998)	107,374
Depreciation	4,457	143	4,601	—	4,601
Capital expenditure	6,224	3,697	9,922	—	9,922

- FY 2005 (Year ended Mar. 31, 2005) - (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	84,010	1,151	85,161	—	85,161
(2) Inter-segment sales	—	63	63	(63)	—
[Total]	84,010	1,214	85,224	(63)	85,161
Costs and expenses	78,186	463	78,650	(63)	78,586
Operating income (loss)	5,823	751	6,574	—	6,574
2. Assets, depreciation and capex					
Assets	112,386	14,886	127,272	(14,720)	112,551
Depreciation	4,970	228	5,198	—	5,198
Capital expenditure	5,679	125	5,804	—	5,804

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 2004 (Year ended Mar. 31, 2004) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
1. Sales and operating income (loss)							
(1) External customer sales	45,431	14,056	15,920	8,257	83,666	—	83,666
(2) Inter-segment sales	19,312	0	422	2,853	22,588	(22,588)	—
[Total]	64,744	14,057	16,343	11,110	106,255	(22,588)	83,666
Costs and expenses	58,042	14,044	16,082	11,040	99,209	(23,895)	75,313
Operating income (losses)	6,702	13	260	69	7,046	1,306	8,353
2. Assets	103,442	10,895	8,558	6,713	129,609	(22,235)	107,374

- FY 2005 (Year ended Mar. 31, 2005) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
1. Sales and operating income (loss)							
(1) External customer sales	47,590	13,099	16,832	7,638	85,161	—	85,161
(2) Inter-segment sales	21,158	1	485	7,984	29,629	(29,629)	—
[Total]	68,749	13,100	17,318	15,623	114,791	(29,629)	85,161
Costs and expenses	62,737	13,480	16,572	15,232	108,023	(29,436)	78,586
Operating income (losses)	6,011	(379)	745	390	6,768	(193)	6,574
2. Assets	107,257	10,808	10,249	7,094	135,409	(22,857)	112,551

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 2004 (Year ended Mar. 31, 2004) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	14,056	16,145	11,033	41,235
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	83,666
Ⅲ Ratio of overseas sales in consolidated net sales (%)	16.8	19.3	13.2	49.3

- FY 2005 (Year ended Mar. 31, 2005) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	13,099	17,138	9,990	40,228
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	85,161
Ⅲ Ratio of overseas sales in consolidated net sales (%)	15.4	20.1	11.7	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 2004 (Year ended Mar. 31, 2004) -

(1) Directors and major individual shareholders

Type	Name	Address	Capital (Millions of yen)	Business or job title	Voting right ratio	Relationship		Transaction	Amount (Millions of yen)	Item	Balance at year-end (Millions of yen)
						Other duties	Business				
Directors or their relatives	Noboru Hayama	—	—	Board chairman	5.94% directly	—	—	Offices leased	5	—	—
	Aizo Murakami	—	—	Auditor	0.01% directly	—	—	Lawyer's fee	7	—	—

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

2. Details of transactions and their arrangement
   (1) The leased office is the 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.

3. Noboru Hayama retired as board chairman on June 27, 2003.

- FY 2005 (Year ended Mar. 31, 2005) -

(1) Directors and major individual shareholders

Type	Name	Address	Capital (Millions of yen)	Business or job title	Voting right ratio	Relationship		Transaction	Amount (Millions of yen)	Item	Balance at year-end (Millions of yen)
						Other duties	Business				
Directors or their relatives	Noboru Hayama	—	—	Father of Akira Hayama, President & CEO	5.24% directly	—	—	Offices leased	5	—	—
	Aizo Murakami	—	—	Auditor	0.01% directly	—	—	Lawyer's fee	7	—	—

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

2. Details of transactions and their arrangement
   (1) The leased office is the 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.

Notes on Per-share Financial Data

FY 2004 (Year ended Mar. 31, 2004)		FY 2005 (Year ended Mar. 31, 2005)	
Shareholders' equity per share	¥4,696.16	Shareholders' equity per share	¥4,926.74
Net income per share	¥261.29	Net income per share	¥238.58
Diluted net income per share	¥246.46	Diluted net income per share	¥226.12

(5) Production Record, Orders Received and Sales Results

[1] Production Record

(Millions of yen)

Business Segment	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
Printing equipment-related business	56,978	59,868
Total	56,978	59,868

Note: 1. Factory prices are used as unit price in calculating the above amounts.
2. Consumption taxes are not included in the above amounts.

[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	FY 2004 (Year ended Mar. 31, 2004)	FY 2005 (Year ended Mar. 31, 2005)
Printing equipment-related business	83,045	84,010
Real estate business and others	621	1,151
Total	83,666	85,161

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 these two fiscal years.