Fiscal 2004 Consolidated Interim Earnings Report

November 6, 2003

Company Name: RISO KAGAKU CORPORATION
Stock Code: 6413
(URL: http://www.riso.co.jp/)

Listed Stock
Headquarters: Tokyo

Representative Director: Akira Hayama, President & CEO
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Board Meeting held to Approve the Results: November 6, 2003
US GAAPs Applied: No

1. Consolidated Interim Results (April 1, 2003 to September 30, 2003)

(1) Consolidated Operating Results

(Millions of yen, rounded down)

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Half of FY2004	39,617	[2.5]	3,279	[11.0]	2,254	[-18.0]
1st Half of FY2003	38,641	[2.7]	2,955	[87.2]	2,750	[135.6]
FY 2003	82,414		6,918		6,619	

	Net Income		Net Income Per Share		Diluted Net Income Per Share	
	Millions of yen	%	Yen		Yen	
1st Half of FY2004	1,046	[-32.0]	77	22	74	84
1st Half of FY2003	1,539	[365.5]	109	68	104	34
FY 2003	3,124		221	66	210	66

(Notes)
1. Equity-method loss: 1st Half of FY2004 – 610 ; 1st Half of FY2003 – None; FY2003; None
2. Average no. of outstanding shares (Consolidated): 1st Half of FY2004 – 13,557,941 shares;
   1st Half of FY2003 – 14,040,818 shares; FY2003: 13,870,469 shares
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
Sept. 30, 2003	105,789	61,373	58.0	4,526. 75
Sept. 30, 2002	106,643	60,441	56.7	4,314. 52
March 31, 2002	108,728	60,905	56.0	4,488. 56

(Notes)
No. of shares issued (Consolidated): Sept. 30, 2003 – 13,557,966 shares; Sept. 30, 2002 – 14,008,947 shares;
Mar. 31, 2003 – 13,557,931 shares

(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
1st Half of FY2004	1,555	- 3,540	- 947	31,850
1st Half of FY2003	- 580	3,501	- 1,033	34,165
FY 2003	1,892	2,465	- 1,615	35,006

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries – 27; 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) – 1 / (Excluded) – 0

2. Forecast for FY 2004 (April 1, 2003 to March 31, 2004)

(Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Full Year	85,300	6,030	3,220

(Remarks) Projected net income per share for the year: 237.50 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 6 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), 28 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 an insurance agency.
The Group members are classified according to business territory because Riso Kagaku does not provide segment information by business category.
The following shows the relationship of the Group 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.
RISO PSS SHIMBASHI CO., LTD.

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

Other businesses
- Insurance
RISO AGENCY CO., LTD.

<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 (SHANGHAI) INTERNATIONAL TRADING CO., LTD.
RISO INDUSTRIES (H.K.) LTD.

Notes: 1. RISO INDUSTRIES (H.K.) LTD. was established on June 18, 2003.
2. ORTEK CORPORATION was established as joint venture with OLYMPUS CORPORATION on September 12, 2003.

(2) Management Policies

1. Basic Management Policies

Since its inception, Riso Kagaku has been expanding business through positive product development, selecting stencil printing as main business segment, based on the development philosophy of "Create fundamentally unique products."
Riso Kagaku has also responded quickly to drastic changes in the global business environment, notably the rapid progress of IT-related technologies, and has been pursuing sales increase and high profitability mainly by providing optimal solutions for high-volume printing jobs.

To increase customer's satisfaction and establish a stronger base for high profitability, Riso Kagaku is currently implementing various action plans in respective business divisions based on the following five core policies of the medium-term management plan.
(1) Improving efficiency in both R&D and manufacturing and pursuing total cost reduction;
(2) Strengthening sales forces worldwide;
(3) Accelerating product development and searching for new business opportunities;
(4) Expanding overseas production; and
(5) Establishing a lean and efficient corporate structure.

In addition, Riso Kagaku has also set a goal of attaining a return on equity (ROE) of 8% and an operating income to net sales ratio of 10% in the fiscal year 2004.

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 as well as financial position and ensure investments for future growth. Following the above basic policy, we try to maintain appropriate dividend distribution in future as well. Regarding the frequency and time of dividend payment, it will be yearly and shortly after the coming ordinary general meeting of shareholders as usual.
Regarding retained earnings, we will use them to improve the operating results through improvement of the balance sheet and investment in facilities and research and development.

3. Basic Corporate Governance Policies and Procedures

We regard corporate governance as an essential for sound corporate management and are confident that it is realized by properly taking such existing management processes as the board of directors and audit system.
We also 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 established the compliance promotion committee with the director in charge of general administration as chairperson and distributed a compliance handbook to all company members, with a high regard for compliance.

(3) Business Results and Financial Positions

1. Business Results

In the first half of this fiscal year, RISO was engaged in a variety of business activities aimed at achieving the objectives outlined in its medium-term management plan.
In Japan, we have focused on the sales expansion of RISO V8000 digital printers, which enable dual-color printing at high speed, and RISO Hybrid Print System, which realizes an economical printing environment through the linking of digital printers and laser-beam printers via network. As for new products, we introduced a high-speed laser-beam printer, Prioa LP9500DN.
In overseas markets, on the other hand, RISO introduced another low-end digital printer, RISO KS600, as a successor model to RISO KS500, for emerging markets. Besides, we started the sales of RISO V8000 digital printers in the Western markets in full swing to stimulate the said markets.

As the result of the business activities mentioned above, the consolidated net sales for this interim period rose 2.5% year-on-year to ¥39,617 million, helped by the appreciation of Euro currency against Japanese yen. Operating income increased 11.0% year-on-year to ¥3,279 million thanks to the cost reduction through active implementation of overseas production and the saving of various expenses. The initial investment cost for the joint venture with Olympus Corporation (ORTEK CORPORATION), which amounts to ¥610 million, in the meanwhile, was booked as non-operating expense. As a result, recurring income decreased 18.0% year-on-year to ¥2,254 million and net income also went down 32.0% to ¥1,046 million.

By geographical area, net sales in Japan rose 3.2% year-on-year to ¥18,900 million owing to the steady sales of digital printers and their supplies, led by the sales expansion of RISO Hybrid Print System and RISO V8000 digital printers, the latter of which was promoted especially for dual-color flier printing.
In the Americas, net sales dropped 2.7% year-on-year to ¥7,100 million, suffering from the weakening of the dollar, while the reinforcement of the local direct sales structure is in progress, contributing to the increase of the unit sales quantity of digital printers and the rise of local currency-denominated net sales.
In Europe, net sales rose 12.1% year-on-year to ¥7,700 million, aided by Euro appreciation against Japanese yen, while the local currency-denominated value decreased due to the below-the-target sales result in the CIS and the Middle East.
In Asia, the sales of middle-range printer models and supplies were favorable in Southeast Asian countries, while the sales proportion of low-end printer models went up in China. As a result, net sales decreased 4.4% year-on-year to ¥5,700 million.

2. Financial Positions

Interim Consolidated Cash Flows
Cash and cash equivalents decreased ¥3,155 million to ¥31,850 million when calculated on September 30, 2003, compared with the corresponding value on March 31, 2003.

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

Cash Flows From Operating Activities

Operating activities provided ¥1,555 million as net cash, in contrast to the use of ¥580-million net cash in the same period of the previous year. This position resulted from both the main cash inflows of ¥2,254 million as income before income taxes and of ¥1,930 million as decrease in accounts receivable, and the main cash outflows of ¥2,112 million as payment of corporate income taxes and of ¥742 million as decrease in accounts payable.

Cash Flows From Investing Activities

Investing activities used ¥3,540 million as net cash, in contrast to the acquisition of ¥3,501-million net cash in the same period of the previous year. This position resulted from the main cash outflows of ¥2,969 million as acquisition of tangible fixed assets and of ¥999 million as purchase of marketable securities.

Cash Flows From Financing Activities

Financing activities used ¥947 million as net cash, which is 8.3% less than the value used in the same period of the previous year. This position resulted from the main cash outflows of ¥745 million as payment of dividends and of ¥169 million as redemption of corporate bonds.

3. Business Outlook in Fiscal Year 2004

RISO will continue to enlarge its business sphere through an emphasis on fortifying sales forces. In the medium- and long-term, we will enhance our developing and planning capabilities towards a greater customer orientation and accelerate the transformation of our corporate structure.

In Japan, we expect that we can maintain the current steady sales trend, supported by the favorable sales of digital printers and their supplies through securer customer base. In addition, we have started the sales of a new inkjet-engine PRINT GOCCO, PRINT GOCCO Jet V-10, since this October and will launch a high-speed, full-color inkjet printer, ORPHIS HC5000, for business use in December. As we expect these new products will be accepted favorably in markets, we do not judge their sales may have major effect on the business result of this fiscal year.

As for our performance in overseas office printer markets, we expect its improvement through more active operations with a focus on system solution sales in the Americas. In Europe, our subsidiaries are expected to continue achieving satisfactory sales results. In Asia, total sales are expected to grow mainly due to sales expansion of digital printers.

Regarding expenditures, we continue to further pursue cost reduction and expense curtailment. However, prior investment expenses in such activities as research and development and sales promotion continue to be expected as a result of the focus on new product development.

Summarizing the prospect of the performance in this fiscal year, net sales are expected to increase 3.5% year-on-year to ¥85,300 million, recurring income drop 8.9% to 6,030 million and net income rise 3.1% to ¥3,220 million. As a result, we will probably miss the targets given as management benchmark in the medium-term management plan, i.e. 8% for the return on equity (ROE) and 10% for the operating income to net sales ratio, though we will do our best to hit the given targets.

In the above prospect, we use the exchange rates of ¥114 against the US dollar and ¥129 against the Euro.

(4) Interim Consolidated Financial Statements

[1] Interim Consolidated Balance Sheets

	1st Half of FY 2003 (As of Sept. 30, 2002)			1st Half of FY 2004 (As of Sept. 30, 2003)			FY 2003 (As of Mar. 31, 2003)		
Item	Amount (Millions of yen)		(%)	Amount (Millions of yen)		(%)	Amount (Millions of yen)		(%)
(ASSETS)									
I Current assets									
1. Cash and deposits		34,031			31,895			35,051	
2. Notes and accounts receivable		14,203			14,381			16,822	
3. Marketable securities		1,199			999			300	
4. Inventories		12,116			11,599			12,096	
5. Deferred tax assets (short)		2,969			3,129			3,228	
6. Others		1,810			1,699			1,468	
Allowance for doubtful receivables (short)		(494)			(877)			(916)	
Total current assets		65,836	61.7		62,827	59.4		68,052	62.6
II Fixed assets									
1. Tangible fixed assets									
(1) Buildings and structures	5,878			9,154			5,703		
(2) Machinery, equipment and vehicles	1,989			1,855			1,858		
(3) Tools, furniture and fixtures	1,439			1,982			1,012		
(4) Land	14,898			14,899			14,898		
(5) Construction in progress	1,401			368			1,944		
(6) Others	4,865	30,471	28.6	4,651	32,911	31.1	4,822	30,239	27.8
2. Intangible fixed assets									
(1) Trade rights	527			372			422		
(2) Software	1,069			1,045			1,135		
(3) Consolidated adjustment account	90			72			81		
(4) Others	211	1,898	1.8	346	1,837	1.7	253	1,894	1.7
3. Investments and other securities									
(1) Investment in securities	3,170			3,083			2,517		
(2) Long-term advances	447			358			510		
(3) Deferred tax assets (long)	1,882			1,529			2,074		
(4) Others	3,585			3,525			3,715		
Allowance for doubtful receivables (long)	(649)	8,436	7.9	(283)	8,212	7.8	(273)	8,543	7.9
Total fixed assets		40,806	38.3		42,961	40.6		40,676	37.4
Total assets		106,643	100.0		105,789	100.0		108,728	100.0

Item	1st Half of FY 2003 (As of Sept. 30, 2002) Amount (Millions of yen)	(%)	1st Half of FY 2004 (As of Sept. 30, 2003) Amount (Millions of yen)	(%)	FY 2003 (As of Mar. 31, 2003) Amount (Millions of yen)	(%)
(LIABILITIES)						
I Current liabilities						
1. Notes and accounts payable	11,873		10,045		11,085	
2. Short-term loans	6,937		7,448		7,997	
3. Long-term bank borrowings due within one year	47		64		63	
4. Accrued taxes	1,502		730		1,896	
5. Accrued bonuses	1,513		1,520		1,556	
6. Accrued warranty costs	107		35		41	
7. Others	3,541		4,297		4,367	
Total current liabilities	25,522	23.9	24,141	22.8	27,008	24.9
II Long-term liabilities						
1. Convertible bonds	17,153		16,915		17,084	
2. Long-term bank borrowings	358		245		272	
3. Employees' retirement allowances	2,053		2,483		2,267	
4. Directors' retirement allowances	888		285		919	
5. Others	88		218		130	
Total long-term liabilities	20,543	19.3	20,147	19.1	20,674	19.0
Total liabilities	46,066	43.2	44,288	41.9	47,683	43.9
(MINORITY INTERESTS)						
Minority interests	135	0.1	127	0.1	139	0.1
(SHAREHOLDERS' EQUITY)						
I Common stock	14,114	13.2	14,114	13.3	14,114	13.0
II Capital reserve	14,779	13.9	14,779	14.0	14,779	13.6
III Retained earnings	33,776	31.7	34,115	32.2	33,864	31.2
IV Net unrealized holding gains or losses on securities	(252)	(0.2)	519	0.5	(69)	(0.1)
V Foreign currency translation adjustments	(520)	(0.5)	(753)	(0.7)	(381)	(0.4)
VI Treasury stock	(1,455)	(1.4)	(1,402)	(1.3)	(1,402)	(1.3)
Total shareholders' equity	60,441	56.7	61,373	58.0	60,905	56.0
Total liabilities, minority interest s and shareholders' equity	106,643	100.0	105,789	100.0	108,728	100.0

[2] Interim Consolidated Statements of Income

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002) Amount (Millions of yen)		(%)	1st Half of FY 2004 (6 months ended Sept. 30, 2003) Amount (Millions of yen)		(%)	FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)		(%)
Ⅰ Net sales		38,641	100.0		39,617	100.0		82,414	100.0
Ⅱ Cost of sales		18,037	46.7		17,225	43.5		38,294	46.5
Gross profit		20,603	53.3		22,391	56.5		44,119	53.5
Ⅲ Selling, general and administrative expenses		17,648	45.7		19,112	48.2		37,201	45.1
Operating income		2,955	7.6		3,279	8.3		6,918	8.4
Ⅳ Other income									
1. Interest income	74			47			178		
2. Dividend income	13			43			13		
3. Gains on sale of investment securities	67			55			58		
4. Others	171	326	0.8	186	332	0.8	486	736	0.9
Ⅴ Other expenses									
1. Interest expenses	267			269			545		
2. Equity method losses	—			610			—		
3. Exchange losses	147			229			86		
4. Others	116	531	1.3	246	1,356	3.4	405	1,036	1.3
Recurring income		2,750	7.1		2,254	5.7		6,619	8.0
Ⅵ Extraordinary losses									
1. Loss on valuation of investment securities and other	—	—	—	—	—	—	890	890	1.0
Income before income taxes		2,750	7.1		2,254	5.7		5,728	7.0
Corporate income tax and other tax expenses	1,498			932			3,459		
Corporate income tax and other tax adjustments	(278)	1,219	3.1	276	1,209	3.1	(843)	2,616	3.2
Minority interest in net income of consolidated subsidiaries		(9)	(0.0)		(1)	(0.0)		(12)	(0.0)
Net income		1,539	4.0		1,046	2.6		3,124	3.8

[3] Interim Consolidated Surplus Statements

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002) Amount (Millions of yen)		1st Half of FY 2004 (6 months ended Sept. 30, 2003) Amount (Millions of yen)		FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)	
(CAPITAL RESERVE)						
Ⅰ Capital reserve brought forward		14,779		14,779		14,779
Ⅱ Increases						
1. Gains on retirement of treasury stock	—	—	0	0	—	—
Ⅲ Capital reserve carried forward		14,779		14,779		14,779
(RETAINED EARNINGS)						
Ⅰ Retained earnings brought forward		32,969		33,864		32,969
Ⅱ Increases						
1. Net income	1,539	1,539	1,046	1,046	3,124	3,124
Ⅲ Decreases						
1. Dividends	702		745		702	
2. Bonuses to directors	30		50		30	
3. Retirement of treasury stock	—	732	—	795	1,496	2,228
Ⅳ Retained earnings carried forward		33,776		34,115		33,864

[4] Interim Consolidated Statements of Cash Flows

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002) Amount (Millions of yen)	1st Half of FY 2004 (6 months ended Sept. 30, 2003) Amount (Millions of yen)	FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)
Ⅰ Cash flows from operating activities			
Income before income taxes	2,750	2,254	5,728
Depreciation	1,300	1,040	2,389
Amortization of adjustments on consolidated accounts	8	9	16
Equity method losses	—	610	—
Increase in employees' retirement allowances	156	215	370
Increase (decrease) in directors' retirement allowances	28	(634)	59
Increase in allowance for doubtful receivables	163	7	209
Interest and dividends receivable	(87)	(90)	(191)
Interest payable	267	269	545
Exchange losses (gains)	(0)	69	8
Gains on sale of investment securities	(67)	(55)	(58)
Loss on valuation of investment securities	—	—	890
Decrease in accounts receivable	2,721	1,930	402
Decrease (increase) in inventories	(240)	206	(32)
Decrease in accounts payable	(4,608)	(742)	(5,203)
Decrease in accrued expenses	(1,325)	(476)	(268)
Directors' bonuses paid	(30)	(50)	(30)
Others, net	(60)	(724)	366
Subtotal	976	3,841	5,202
Interest and dividends received	87	90	191
Interest paid	(271)	(263)	(548)
Income taxes paid	(1,372)	(2,112)	(2,953)
Net cash provided by (used in) operating activities	(580)	1,555	1,892
Ⅱ Cash flows from investing activities			
Increase in time deposits	—	(4)	(16)
Decrease in time deposits	60	2	80
Payments for purchase of marketable securities	(999)	(999)	(1,900)
Proceeds from sale of marketable securities	—	300	1,800
Payments for acquisition of tangible fixed assets	(1,837)	(2,969)	(3,124)
Payments for acquisition of intangible fixed assets	(221)	(218)	(657)
Payments for purchase of investment securities	(3)	(490)	(3)
Proceeds from sale of investment securities	6,085	479	6,160
Increase in loans receivable	(189)	—	(193)
Decrease in loans receivable	231	43	177
Others, net	375	316	143
Net cash provided by (used in) investing activities	3,501	(3,540)	2,465
Ⅲ Cash flows from financing activities			
Net increase (decrease) in short-term loans	(426)	(8)	531
Proceeds from long-term bank borrowings	233	47	216
Repayments of long-term bank borrowings	(1)	(71)	(14)
Payments for redemption of corporate bonds	—	(169)	(69)
Payments for purchase of treasury stock	(137)	—	(1,581)
Cash dividends paid	(701)	(745)	(702)
Others, net	0	0	3
Net cash used in financing activities	(1,033)	(947)	(1,615)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	(176)	(223)	(190)
Ⅴ Increase (decrease) in cash and cash equivalents	1,710	(3,155)	2,551
Ⅵ Cash and cash equivalents, beginning of year	32,454	35,006	32,454
Ⅶ Cash and cash equivalents, end of year	34,165	31,850	35,006

Significant Notes in Preparation of Consolidated Financial Statements

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 25 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. (2) List of non-consolidated subsidiaries None	(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 1st half of 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 interim consolidated financial statement.	(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 VEC CO. LTD. was established and consolidated during the fiscal 2003. (2) List of non-consolidated subsidiaries RISO IRELAND LABORATORY LTD. (Reason of non-consolidation) The listed subsidiary is small in size and its main financial indexes, such as total assets, net sales, net income (calculated by equity method), and retained earnings (calculated by equity method), have no significant effect on the interim consolidated financial statement.
2. Application of the equity method	(1) Number of affiliated companies accounted for by the equity method: None (2) AVENIR CO., LTD., an affiliate, is not accounted for by the equity method because its performance made no remarkable result and has no significant effect on net income and retained earnings in the interim consolidated financial statements.	(1) Number of affiliated companies accounted for by the equity method: 1 ORTEK CORPORATION (2) RISO IRELAND LABORATORY LTD., a non-consolidated subsidiary, and AVENIR CO., LTD., an affiliate, are not accounted for by the equity method because their performances made no remarkable result and have no significant effect on the interim consolidated financial statements, given their net income (calculated by equity method) and retained earnings (calculated by equity method).	(1) Number of affiliated companies accounted for by the equity method: None (2) RISO IRELAND LABORATORY LTD., a non-consolidated subsidiary, and AVENIR CO., LTD., an affiliate, are not accounted for by the equity method because their performances made no remarkable result and have no significant effect on the consolidated financial statements, given their net income (calculated by equity method) and retained earnings (calculated by equity method).
3. Fiscal year for consolidated subsidiaries	The interim accounting period of the subsidiaries listed below ends on June 30. RISO DE MEXICO S.A., RISO TECHNOLOGY ZHUHAI CO., LTD. , and RISO (SHANGHAI) INTERNATIONAL TRADING CO., LTD. Interim consolidated financial statements are prepared, applying provisional interim financial statements in the accounting period ending on September 30 for these subsidiaries.	Same as left	The accounting period of the subsidiaries listed below ends on December 31. RISO DE MEXICO S.A., RISO TECHNOLOGY ZHUHAI CO., LTD. , and RISO (SHANGHAI) INTERNATIONAL TRADING CO., LTD. Consolidated financial statements are prepared, applying provisional financial statements in the accounting period ending on March 31 for these subsidiaries.

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
4. Significant accounting policies	(1) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the interim period, with unrealized gains or losses reported in shareholders' equity and selling price determined by the moving-average method. - Other marketable securities without market quotations Stated at cost determined by the moving-average method. 2. Derivatives Stated at market value 3. Inventories Stated at cost, primarily 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. Derivativ es Same as left 3. Inventories Same as left	(1) Valuation standards and accounting treatment for important assets 1. Marketable securities - Other marketable securities with market quotations Stated at market value, determined by the market price as of the end of the accounting period, with unrealized gains or losses reported in shareholders' equity and selling price determined by the moving-average method. - Other marketable securities without market quotations Same as left 2. Derivatives Same as left 3. Inventories Same as left
	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Buildings, excluding fixtures, are depreciated using the straight-line method. Other tangible fixed assets are primarily depreciated by the declining-balance method. 2. Intangible fixed assets They are primarily depreciated using the straight-line method. Proprietary software is depreciated using the straight-line method over 5-year period of use.	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Same as left 2. Intangible fixed assets Same as left	(2) Depreciation rules of important depreciable assets 1. Tangible fixed assets Same as left 2. Intangible fixed assets Same as left
	(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.	(3) Accounting rules for major allowances and accruals 1. Allowance for doubtful receivables Same as left	(3) Accounting rules for major allowances and accruals 1. Allowance for doubtful receivables Same as left

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
	2. Accrued bonuses The amount which is expected to be paid as employees' bonuses in the corresponding accounting period is posted as accrued bonuses in the following group companies: parent company, all domestic subsidiaries and several overseas ones.	2. Accrued bonuses Same as left	2. Accrued bonuses Same as left
	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. Accrued warranty costs Same as left	3. Accrued warranty costs Same as left
	4. Employees' retirement allowances The amount estimated to be reserved for employees' retirement benefit funds in the corresponding interim accounting period is posted as employees' retirement allowances, calculated based on the projected retirement benefit obligation and pension assets at the end of the current fiscal year, in the parent company and several overseas subsidiaries. The actuarial losses realized in the corresponding accounting period for the said allowances are amortized over the following fiscal years (15 years at the maximum), whose period is not beyond the average remaining service years of employees calculated at the end of the corresponding fiscal year, in the declining-balance method.	4. Employees' retirement allowances Same as left	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 interim accounting period is posted as directors' retirement allowances, as prescribed in the internal regulations, in the parent company.	5. Directors' retirement allowances Same as left	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.

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
	(4) Conversion rules of main items in foreign currencies Monetary assets and liabilities denominated in foreign currencies are translated using the spot exchange rates at the interim balance sheet date. The resulting exchange gains or losses are declared as income or expenses. The assets and liabilities of consolidated overseas subsidiaries are translated into yen amounts using the spot exchange rates at the interim balance sheet date, while their incomes and expenses are converted into yen amounts with the average exchange rates during the corresponding interim accounting period. The resulting exchange gains or losses are listed under foreign currency translation adjustments in shareholders' equity.	(4) Conversion rules of main items in foreign currencies 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.
	(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.	(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 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.
	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements (None)	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements (None)	(6) Other essential accounting rules required for drafting the Consolidated Financial Statements 1. Accounting standards related to treasury stocks and transfer of statutory reserves The "Accounting standards related to the treasury stocks and transfer of statutory reserves" (Corporate accounting standards No.1) have been applied as GAAS since April 1, 2002. Accordingly, we complied with the said accounting standards when drafting the corresponding consolidated financial statements but this procedure made no significant effect on profits and losses in the corresponding fiscal year.

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
			As a result of the revision of the regulations of consolidated financial statements, the shareholders' equity of the consolidated balance sheet and the consolidated surplus statements are accounted for according to the revised regulations of consolidated financial statements in the corresponding fiscal year. 2. Per-share financial data The "Accounting standards related to current net income per share" (Corporate accounting standards No.2) and the "Application guides for the accounting standards related to current net income per share" (Corporate accounting standards application guides No.4) are required to be applied when drafting the consolidated financial statements since April 1, 2002. Accordingly, we complied with the said accounting standards and their application guides when drafting the corresponding consolidated financial statements. The resulting effects are described in the section "Notes on Per-share Financial Data."
5. Scope of cash and cash equivalents in the Consolidated statements of cash flows	Cash and cash equivalents in the Consolidated statements of cash flows are composed of the following items: cash on hand, demand deposits and highly liquid short-term investment with maturity of less than 3 months which are exposed to minimal risks of value fluctuations.	Same as left	Same as left

Changes in Accounting Policies

Item	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
Hedging accounting	While forward exchange contracts were accounted for in the allocation method when they satisfied the requirements for that accounting in the previous fiscal years, they are differently accounted for since the corresponding interim consolidated accounting period, according to the general accounting method of "Accounting standards for financial instruments." In this method, hedging-oriented forward exchange contracts are recognized at the market value and foreign currency denominated monetary accounts receivable and payable are translated into yen amounts at the exchange rates in effect at the interim balance sheet date in compliance with revised accounting standards for foreign currency translation. The above-mentioned change of the accounting policies has been made to apply the generally-accepted accounting standards in place of a special accounting provision, i.e. the allocation method, intending to state the corporate financial conditions more accurately by ensuring the consistent presentation of gains and losses arising from hedging accounting in non-consolidated and consolidated financial statements. This change has no effect on recurring income and income before income taxes.	(None)	While forward exchange contracts were accounted for in the allocation method when they satisfied the requirements for that accounting in the previous fiscal years, they are differently accounted for since the corresponding consolidated accounting period, according to the general accounting method of "Accounting standards for financial instruments." In this method, hedging-oriented forward exchange contracts are recognized at the market value and foreign currency denominated monetary accounts receivable and payable are translated into yen amounts at the exchange rates in effect at the balance sheet date in compliance with revised accounting standards for foreign currency translation. The above-mentioned change of the accounting policies has been made to apply the generally-accepted accounting standards in place of a special accounting provision, i.e. the allocation method, intending to state the corporate financial conditions more accurately by ensuring the consistent presentation of gains and losses arising from hedging accounting in non-consolidated and consolidated financial statements. This change has no effect on recurring income and income before income taxes.

Reclassification

1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)
[Interim consolidated balance sheets] Commercial assets previously classified as tools, furniture and fixtures on the balance sheet as of September 30, 2001 have been reclassified as others under tangible fixed assets from March 31, 2002 in recognition of their importance.	(None)
[Interim consolidated statements of cash flows] The increase (decrease) in accrued expenses, which amounted to ¥1,308 million in decrease in the interim accounting period ending on September 2001 and was included in "others, net" under "Cash flows from operating activities", is shown separately on the corresponding cash flow statements in recognition of its importance.	(None)

Supplemental Information

1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
[Accounting for treasury stocks and transfer of statutory reserves] We comply with the "Accounting standards related to the treasury stocks and transfer of statutory reserves" (Corporate accounting standards No.1) since the corresponding interim accounting period. This procedure makes no significant effect on profits and losses in the same period. As a result of the revision of the regulations of interim consolidated financial statements, the shareholders' equity of the interim consolidated balance sheet and the interim consolidated surplus statements are accounted for according to the revised regulations of interim consolidated financial statements in the corresponding interim accounting period.	(None)	(None)

Notes on Consolidated Balance Sheets

1st Half of FY 2003 (As of Sept. 30, 2002)	1st Half of FY 2004 (As of Sept. 30, 2003)	FY 2003 (As of Mar. 31, 2003)
1. The amount of accumulated depreciation on tangible fixed assets is ¥34,363 million.	1. The amount of accumulated depreciation on tangible fixed assets is ¥34,834 million.	1. The amount of accumulated depreciation on tangible fixed assets is ¥34,309 million.
2. Contingent liabilities Guaranty of liabilities for bank loans made by other group companies than consolidated subsidiaries <Guaranteed> AVENIR CO., LTD ¥20 million	2. Contingent liabilities Guaranty of liabilities for bank loans made by other group companies than consolidated subsidiaries <Guaranteed> AVENIR CO., LTD ¥30 million	2. Contingent liabilities Guaranty of liabilities for bank loans made by other group companies than consolidated subsidiaries <Guaranteed> AVENIR CO., LTD ¥20 million

Notes on Consolidated Statements of Income

1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
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.	1. The main items of "Selling, general and administrative expenses" and their amounts are given below.

[Item]	1st Half of FY 2003 [Amount] (millions of yen)	1st Half of FY 2004 [Amount] (millions of yen)	FY 2003 [Amount] (millions of yen)
Employees' salaries and bonuses	5,321	5,837	11,971
Provision for employees' retirement allowances	294	514	625
Provision for directors' retirement allowances	28	184	59
Provision for bonuses	1,164	1,182	1,312
Provision for doubtful receivables	147	45	374
Research and development expenses	2,040	2,105	3,972

Notes on Consolidated Statements of Cash Flows

1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
Reconciliation between interim balance sheet accounts and term-end balance of cash and cash equivalents	Reconciliation between interim balance sheet accounts and term-end balance of cash and cash equivalents	Reconciliation between interim balance sheet accounts and term-end balance of cash and cash equivalents
(As of September 30, 2002)	(As of September 30, 2003)	(As of March 31, 2003)

1st Half of FY 2003 (As of September 30, 2002)

[Item]	[Amount] (Millions of yen)
Cash and deposits	34,031
Time deposits with maturity of more than 3 months	(65)
Public bond investment trusts (marketable securities) with maturity of 3 months or less	199
Cash and cash equivalents	34,165

1st Half of FY 2004 (As of September 30, 2003)

[Item]	[Amount] (Millions of yen)
Cash and deposits	31,895
Time deposits with maturity of more than 3 months	(45)
Cash and cash equivalents	31,850

FY 2003 (As of March 31, 2003)

[Item]	[Amount] (Millions of yen)
Cash and deposits	35,051
Time deposits with maturity of more than 3 months	(45)
Cash and cash equivalents	35,006

Notes on Marketable Securities

- 1st Half of FY 2003 (As of September 30, 2002) -

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

	Market value	Book value	Difference
(1) Shares	2,589	2,152	(436)
(2) Others	—	—	—
Total	2,589	2,152	(436)

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

	Book value
Other securities	
Commercial papers	999
Discount bonds	199
Unlisted stock (excluding over-the-counter stock)	1,017

- 1st Half of FY 2004 (As of September 30, 2003) -

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

	Market value	Book value	Difference
(1) Shares	1,192	2,065	873
(2) Others	—	—	—
Total	1,192	2,065	873

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

	Book value
Other securities	
Commercial papers	999
Unlisted stock (excluding over-the-counter stock)	1,017

- FY 2003 (As of March 31, 2003) -

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

	Market value	Book value	Difference
(1) Shares	1,615	1,499	(116)
(2) Others	—	—	—
Total	1,615	1,499	(116)

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

	Book value
Other securities	
Corporate bonds	300
Unlisted stock (excluding over-the-counter stock)	1,017

Note: The appraisal loss of ¥890 million is booked on the write-down of other marketable securities with market quotations in the corresponding accounting period (FY2003), in recognition of a permanent diminution in their market values. In this accounting process, the recoverability of the marketable securities concerned is comprehensively considered, based on recent share price trends and the financial conditions of the issuers, regarding a decline of 50% or more in their market values against acquisition ones as remarkable diminution in value.

Segment Information

[Segment Information by Business]

- 1st Half of FY 2003 (6 months ended Sep. 30, 2002) / 1st Half of FY 2004 (6 months ended Sept. 30, 2003) / FY 2003 (Year ended Mar. 31, 2003) -

We classify our businesses into two segments, "Printing equipment-related business" and "Others", but do not disclose the segment information by business because the Printing equipment-related business generates more than 90% of total net sales and operating income respectively.

[Segment Information by Geographic Area]

- 1st Half of FY 2003 (6 months ended September 30, 2002) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	19,905	7,325	6,856	4,554	38,641	—	38,641
(2) Inter-segment sales	11,027	—	190	163	11,382	(11,382)	—
[Total]	30,933	7,325	7,047	4,717	50,024	(11,382)	38,641
Costs and expenses	27,609	7,730	6,787	4,475	46,603	(10,916)	35,686
Operating income (losses)	3,324	(405)	260	241	3,421	(465)	2,955

-1st Half of FY 2004 (6 months ended September 30, 2003) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	20,468	7,130	7,686	4,331	39,617	—	39,617
(2) Inter-segment sales	9,752	0	209	174	10,137	(10,137)	—
[Total]	30,221	7,131	7,896	4,505	49,754	(10,137)	39,617
Costs and expenses	27,283	7,379	7,857	4,425	46,946	(10,608)	36,338
Operating income (losses)	2,937	(248)	38	80	2,808	470	3,279

- FY 2003 (Year ended March 31, 2003) - (Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales							
(1) External customer sales	43,995	14,878	14,913	8,627	82,414	—	82,414
(2) Inter-segment sales	21,800	0	385	269	22,456	(22,456)	—
[Total]	65,795	14,878	15,299	8,897	104,870	(22,456)	82,414
Costs and expenses	58,869	15,258	14,766	8,486	97,381	(21,885)	75,495
Operating income (losses)	6,926	(379)	532	410	7,489	(570)	6,918

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

[Overseas Segment Sales Data]

- 1st Half of FY 2003 (6 months ended September 30, 2002) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	7,325	6,935	5,981	20,242
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	38,641
Ⅲ Ratio of overseas sales in consolidated net sales (%)	19.0	17.9	15.5	52.4

- 1st Half of FY 2004 (6 months ended September 30, 2003) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	7,130	7,774	5,716	20,621
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	39,617
Ⅲ Ratio of overseas sales in consolidated net sales (%)	18.0	19.6	14.4	52.1

- FY 2003 (Year ended March 31, 2003) -

	Americas	Europe	Asia	Total
Ⅰ Overseas sales (Millions of yen)	14,878	15,052	11,505	41,436
Ⅱ Consolidated net sales (Millions of yen)	—	—	—	82,414
Ⅲ Ratio of overseas sales in consolidated net sales (%)	18.0	18.3	14.0	50.3

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

2. The main countries included in each geographic segment are as follows:
   (1) Americas – U.S. and Canada
   (2) Europe – Germany, United Kingdom and France
   (3) Asia – China and Thailand

3. Overseas sales represent the sales realized outside Japan by the parent company and consolidated subsidiaries.

Notes on Per-share Financial Data

1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
Shareholders' equity per share ¥4,314.52 Net income per share ¥109.68 Diluted net income per share ¥104.34 [Supplemental Information] We comply with the "Accounting standards related to current net income per share" (Corporate accounting standards No.2) and the "Application guides for the accounting standards related to current net income per share" (Corporate accounting standards application guides No.4) since the corresponding interim accounting period. If the said accounting standards and their application guides are applied to derive the per-share financial data for both the 1st half of FY 2002 and the whole year of FY 2002, the outcome will be as follows: <1st Half of FY 2002> Shareholders' equity per share ¥4,038.60 Net income per share ¥22.68 Diluted net income per share ¥26.86 <FY 2002> Shareholders' equity per share ¥4,266.15 Net income per share ¥108.59 Diluted net income per share ¥107.60	Shareholders' equity per share ¥4,526.75 Net income per share ¥77.22 Diluted net income per share ¥74.84	Shareholders' equity per share ¥4,488.56 Net income per share ¥221.66 Diluted net income per share ¥210.66 [Supplemental Information] We comply with the "Accounting standards related to current net income per share" (Corporate accounting standards No.2) and the "Application guides for the accounting standards related to current net income per share" (Corporate accounting standards application guides No.4) since the corresponding interim accounting period. If the said accounting standards and their application guides are applied to derive the per-share financial data for FY 2002, the outcome will be as follows: <FY 2002> Shareholders' equity per share ¥4,266.15 Net income per share ¥108.59 Diluted net income per share ¥107.60

Important Subsequent Events

No event to be stated

(5) Production Record, Orders Received and Sales Results

[1] Production Record (Millions of yen)

Business Segment	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
Printing equipment-related business	28,852	28,490	57,854
Total	28,852	28,490	57,854

Note: 1. The 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	1st Half of FY 2003 (6 months ended Sep. 30, 2002)	1st Half of FY 2004 (6 months ended Sept. 30, 2003)	FY 2003 (Year ended Mar. 31, 2003)
Printing equipment-related business	38,629	39,545	82,396
Others	12	72	18
Total	38,641	39,617	82,414

Note: 1. Consumption taxes are not included in the above amounts.
2. Sales results are not broken down by customer because we do not have such a customer as accounts for 10% or more of the total sales.