Fiscal 2004 Consolidated Earnings Report

May 13, 2004

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: May 13, 2004
US GAAPs Applied: No

1. Consolidated Results (April 1, 2003 to March 31, 2004)

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

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2004	83,666	[1.5]	8,353	[20.7]	6,680	[0.9]
FY2003	82,414	[0.6]	6,918	[23.6]	6,619	[45.8]

	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	%	%	%
FY2004	3,604	[15.4]	261. 29	246. 46	5.8	6.2	8.0
FY2003	3,124	[95.8]	221. 66	210. 66	5.2	6.0	8.0

(Notes)
1. Equity-method loss: FY2004 – 652 ; FY2003 – None
2. Average no. of outstanding shares (Consolidated): FY2004 – 13,557,970 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
March 31, 2004	107,374	63,732	59.4	4,696. 16
March 31, 2003	108,728	60,905	56.0	4,488. 56

(Notes)
No. of current shares issued (Consolidated): Mar. 31, 2004 – 13,558,001 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
FY2004	6,587	- 5,979	- 3,541	31,832
FY2003	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 2005 (April 1, 2004 to March 31, 2005) (Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Interim Results	40,000	1,500	800
Year-end Results	87,900	6,130	3,680

(Remarks) Projected net income per share at year-end: 271.43 yen

The above forecasts are based on beliefs and assumptions of management in light of information currently available 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), 28 subsidiaries, and 2 affiliated companies. The main business of RISO is the manufacture and sales of printing equipment, as well as related market research. RISO 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.

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

To increase customer's satisfaction and establish a stronger corporate structure, RISO has been implementing various action plans in respective business divisions based on the following five core objectives of the medium-term management plan, NEW RISO 21, whose closing term is FY2004.

(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.

As a result, the consolidated net sales have risen from ¥78.2 billion as at the end of FY2001 to ¥83.6 billion at this year-end, thus pushing up operating income to net sales ratio from 4.8% to 10.0%, as planned.
On the other hand, a return on equity (ROE) has fallen short of the target, 8.0%, and ended up 5.8%, starting from 3.1% as at the end of FY2001.
Keeping these business results in mind, we have made up a new medium-term management plan whose closing term is FY2007 to expand sales and profits in our core business, digital duplicating, and establish another foundation for further growth through a new business, inkjet printing.
The basic objectives of the new 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
(6) Operating business in compliance with the law and consideration of the environment

Under this medium-term management plan, we aim to achieve the net sales of ¥100 billion and the operating income to net sales ratio of 10% at the end of FY2007.

To promote this medium-term management plan actively from the opening term, RISO will operate business while giving high priority to the following 4 activities in this fiscal year.

(1) Developing new product sales
(2) Achieving spectacular improvements in design, engineering and production capabilities
(3) Reviving sales in the United States and China
(4) Strengthening customer-oriented planning and development capabilities

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 improve the operating results through improvement of the balance sheet, capital investment 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.

The board of directors is composed of 12 directors and holds regular monthly meetings and extra meetings if required to make decisions on various management issues. Among the said 12 board members, outside directors are not included.

The board of auditors is composed of 3 auditors, including 2 outside ones, and holds several regular meetings every month while conducting the audit fairly and objectively. The auditors all attend the meetings held by the board of directors to check the decision-making processes in management, while the full-time auditor also attends the executive committees to check management operations constantly. Currently, one of the outside auditors is a relative of one of the directors.

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 past fiscal year, the economy in Japan was much improved through the increase of export fueled by strong economy in China and the expansion of personal consumption mainly on digital household appliances. Besides, the private-sector capital investment showed signs of recovery and the stock market started to turn up, thus bringing back a good outlook to the economy.
In US, personal consumption was brisk helped by tax reduction and capital investment recovered mainly in IT-related industries.
In Europe, the recovery of the economy was given momentum by export expansion. As for Asia, infrastructure investment increased in China and the economy started to recover, given strong domestic demands and China-destined export increase, in Southeast Asian countries.
Under such a global economic climate, RISO operated business with a focus on the following objectives: strengthening sales forces, reducing costs and accelerating new product development.
In Japan, we introduced the following new products into the market: a high-speed full-color inkjet printer, which was developed jointly with Olympus Corporation, ORPHIS HC5000, a next-generation PrintGocco, PrintGocco jet V-10, and an A4-size-dedicated compact paper folder, Orihime AF-03.
Besides, we took active care of environmental issues, which attract more social attentions these days, applying vegetable (soy) oil to the color ink for RISO printers as well as the black one to expand the variety of RISO SOY INK into 65 colors.
In overseas markets, on the other hand, RISO introduced another low-end digital printer, RISO KS600 for emerging markets. Besides, we marketed RISO V8000 digital printers, which enable dual-color printing at high speed, more expansively.
As for production performance, we established RISO INDUSTRIES (H.K.) LTD with a view to the building of more economical production system for RISO printers.

As the result of the business activities mentioned above, consolidated net sales rose 1.5% year-on-year to ¥83,666 million. Since the past fiscal year, the income raised from the rent of real estate has been separately reported under the category of "real estate and other businesses" in the segment information by business.
As for profits, gross profit increased, owing to the production cost reduction realized by the start of the full-scale production of RISO printers in China and a positive fluctuation in exchange rates. Operating income rose 20.7% year-on-year to ¥8,353 million thanks to the saving of various expenses beyond the increase of advertisement and sales promotion expenses. Foreign exchange loss, which amounted to ¥569 million, and the initial investment cost for the joint venture with Olympus Corporation (ORTEK CORPORATION), which was treated as equity-method loss and amounted to ¥652 million, were booked as non-operating expense. As a result, recurring income increased 0.9% year-on-year to ¥6,680 million and net income 15.4% to ¥3,604 million.
Regarding dividends, we initially planned to pay a dividend of ¥55 per share but have decided that we will increase it to ¥60 in appreciation for the shareholders' constant supports to us if our proposal of dividend increase is approved in the 50th annual shareholders' meeting to be held on June 25, 2004.

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, while the exports to Asian countries were also favorable in both digital printers and their supplies. As a result, net sales rose 3.3% year-on-year to ¥45,431 million but operating income decreased 3.2% year-on-year to ¥6,702 million.

(2) The Americas - Total American subsidiaries' sales

In the Americas, the reinforcement of local direct sales structures was effective, thus bringing the sales of digital printers beyond the result in the previous fiscal year. As a result, operating income was turned into a positive figure of ¥13 million while net sales declined 5.5% year-on-year to ¥14,056 million, affected by dollar depreciation against Japanese yen. If net sales are reported in local currency, however, they will also rise year-on-year.

(3) Europe - Total European subsidiaries' sales

In Europe, net sales rose 6.8% year-on-year to ¥15,920 million, aided by Euro appreciation against Japanese yen, but operating income declined 51.1% year-on-year to ¥260 million. If net sales are booked in local currency, however, they will also decrease year-on-year. The main cause of the actual sales decline was the sluggish export to neighboring countries outside EU.

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

As for Asian subsidiaries, the sales were favorable in Southeast Asian markets, while they stayed below the target, affected by severe competition in the Chinese market. As a result, net sales decreased 4.3% year-on-year to ¥8,257 million and operating income 83.0% to ¥69 million.

2. Financial Positions

Consolidated Cash Flows

Cash and cash equivalents decreased ¥3,173 million to ¥31,832 million when calculated on March 31, 2004, compared with the corresponding value on March 31, 2003.

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 ¥6,587 million as net cash, in succession to the acquisition of ¥1,892-million net cash in the previous fiscal year. This position resulted from both the main cash inflows of ¥6,680 million as income before income taxes and of ¥2,276 million as depreciation allowance, and the main cash outflows of ¥2,961 million as payment of corporate income taxes.

Cash Flows from Investing Activities

Investing activities used ¥5,979 million as net cash, in contrast to the acquisition of ¥2,465-million net cash in the previous fiscal year. This position resulted from the main cash outflows of ¥2,298 million as purchase of marketable securities and of ¥4,749 million as acquisition of tangible fixed assets.

Cash Flows from Financing Activities

Financing activities used ¥3,541 million as net cash, in succession to the use of ¥1,615-million net cash in the previous fiscal year. This position resulted from the main cash outflows of ¥2,636 million as net decrease in short-term loans and of ¥746 million as payment of dividends.

3. Business Outlook in Fiscal Year 2005

Japan's economy is expected to be back on course for gradual recovery in FY2005 but it cannot be believed that the economic disparities between the industries and between the regions will be eliminated in the short term. Therefore, we will probably be required to watch the economic climate, including exchange rate fluctuations, carefully.
Under this economic condition, 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 ORPHIS HC5000 in Japan and that performance will get better owing to the stability and reinforcement of sales channels in the Americas. In Europe, continuous strengthening of direct sales structures will probably bring sales increase and we assume that the same result will be enjoyed through the sales expansion of digital printers in Asia.
Regarding expenditures, we continue to further pursue cost reduction and expense curtailment. However, expenditures are expected to increase due to initial investments for worldwide launch of new products, thus causing recurring income to decline.
Summarizing the prospect of the performance in FY2005, net sales are expected to increase 5.1% year-on-year to ¥87,900 million, recurring income drop 8.2% to 6,130 million and net income rise 2.1% to ¥3,680 million.
In the above prospect, we use the exchange rates of ¥110 against the US dollar and ¥128 against the Euro.

(4) Consolidated Financial Statements

[1] Consolidated Balance Sheets

Item	FY 2003 (As of Mar. 31, 2003) Amount (Millions of yen)		(%)	FY 2004 (As of Mar. 31, 2004) Amount (Millions of yen)		(%)	Y-O-Y Change Amount (Millions of yen)
(ASSETS)							
Ⅰ Current assets							
1. Cash and deposits		35,051			30,377		(4,673)
2. Notes and accounts receivable		16,822			16,153		(669)
3. Marketable securities		300			2,799		2,499
4. Inventories		12,096			11,303		(792)
5. Deferred tax assets (short)		3,228			2,700		(528)
6. Others		1,468			1,587		118
Allowance for doubtful receivables (short)		(916)			(851)		65
Total current assets		68,052	62.6		64,070	59.7	(3,981)
Ⅱ Fixed assets							
1. Tangible fixed assets							
(1) Buildings and structures	14,347			18,031			
Less-Accumulated depreciation	8,644	5,703		9,096	8,934		3,231
(2) Machinery, equipment and vehicles	6,849			6,839			
Less-Accumulated depreciation	4,990	1,858		4,923	1,916		57
(3) Tools, furniture and fixtures	14,539			15,414			
Less-Accumulated depreciation	13,527	1,012		13,013	2,400		1,388
(4) Land		14,898			14,899		0
(5) Construction in progress		1,944			291		(1,652)
(6) Others	11,969			12,407			
Less-Accumulated depreciation	7,146	4,822		8,091	4,315		(506)
Total tangible fixed assets		30,239	27.8		32,758	30.5	2,519
2. Intangible fixed assets							
(1) Trade rights		422			408		(13)
(2) Software		1,135			1,163		27
(3) Consolidated adjustment account		81			63		(18)
(4) Others		253			249		(4)
Total intangible fixed assets		1,894	1.7		1,885	1.8	(9)
3. Investments and other securities							
(1) Investment in securities		2,517			3,375		858
(2) Long-term advances		510			375		(135)
(3) Deferred tax assets (long)		2,074			1,391		(683)
(4) Others		3,715			3,801		85
Allowance for doubtful receivables (long)		(273)			(283)		(9)
Total investments and other securities		8,543	7.9		8,659	8.0	116
Total fixed assets		40,676	37.4		43,303	40.3	2,626
Total assets		108,728	100.0		107,374	100.0	(1,354)

Item	FY 2003 (As of Mar. 31, 2003) Amount (Millions of yen)	(%)	FY 2004 (As of Mar. 31, 2004) Amount (Millions of yen)	(%)	Y-O-Y Change Amount (Millions of yen)
(LIABILITIES)					
Ⅰ Current liabilities					
1. Notes and accounts payable	11,085		10,347		(738)
2. Short-term loans	7,997		4,799		(3,198)
3. Long-term bank borrowings due within one year	63		67		3
4. Accrued taxes	1,896		1,367		(528)
5. Accrued bonuses	1,556		1,644		87
6. Accrued warranty costs	41		35		(5)
7. Others	4,367		4,663		296
Total current liabilities	27,008	24.9	22,925	21.3	(4,083)
Ⅱ Long-term liabilities					
1. Convertible bonds	17,084		16,915		(169)
2. Long-term bank borrowings	272		260		(11)
3. Employees' retirement allowances	2,267		2,724		456
4. Directors' retirement allowances	919		308		(610)
5. Equity-method debt	-		106		106
6. Others	130		275		144
Total long-term liabilities	20,674	19.0	20,589	19.2	(84)
Total liabilities	47,683	43.9	43,515	40.5	(4,167)
(MINORITY INTERESTS)					
Minority interests	139	0.1	126	0.1	(13)
(SHAREHOLDERS' EQUITY)					
Ⅰ Common stock	14,114	13.0	14,114	13.1	—
Ⅱ Capital reserve	14,779	13.6	14,779	13.8	0
Ⅲ Retained earnings	33,864	31.2	36,673	34.2	2,808
Ⅳ Net unrealized holding gains or losses on securities	(69)	(0.1)	730	0.7	799
Ⅴ Foreign currency translation adjustments	(381)	(0.4)	(1,163)	(1.1)	(781)
Ⅵ Treasury stock	(1,402)	(1.3)	(1,402)	(1.3)	0
Total shareholders' equity	60,905	56.0	63,732	59.4	2,827
Total liabilities, minority interests and shareholders' equity	108,728	100.0	107,374	100.0	(1,354)

[2] Consolidated Statements of Income

Item	FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)		(%)	FY 2004 (Year ended Mar. 31, 2004) Amount (Millions of yen)		(%)	Y-O-Y Change Amount (Millions of yen)
Ⅰ Net sales		82,414	100.0		83,666	100.0	1,251
Ⅱ Cost of sales		38,294	46.5		36,538	43.7	(1,756)
Gross profit		44,119	53.5		47,128	56.3	3,008
Ⅲ Selling, general and administrative expenses		37,201	45.1		38,774	46.3	1,573
Operating income		6,918	8.4		8,353	10.0	1,434
Ⅳ Other income							
1. Interest income	191			140			
2. Gains on sale of investment securities	58			102			
3. Others	486	736	0.9	282	525	0.6	(210)
Ⅴ Other expenses							
1. Interest expenses	545			544			
2. Equity method losses	—			652			
3. Exchange losses	86			569			
4. Others	405	1,036	1.3	431	2,198	2.6	1,162
Recurring income		6,619	8.0		6,680	8.0	61
Ⅵ Extraordinary losses							
1. Loss on valuation of investment securities and other	890	890	1.0	—	—	—	(890)
Income before income taxes		5,728	7.0		6,680	8.0	951
Corporate income tax and other tax expenses	3,459			2,423			
Corporate income tax and other tax adjustments	(843)	2,616	3.2	646	3,070	3.7	454
Minority interest in net income of consolidated subsidiaries		(12)	(0.0)		5	0.0	17
Net income		3,124	3.8		3,604	4.3	480

[3] Consolidated Surplus Statements

Item	FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)		FY 2004 (Year ended Mar. 31, 2004) 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
Ⅲ Capital reserve carried forward		14,779		14,779	0
(RETAINED EARNINGS)					
Ⅰ Retained earnings brought forward		32,969		33,864	895
Ⅱ Increases					
1. Net income	3,124	3,124	3,604	3,604	480
Ⅲ Decreases					
1. Dividends	702		745		
2. Bonuses to directors	30		50		
3. Retirement of treasury stock	1,496	2,228	—	795	(1,433)
Ⅳ Retained earnings carried forward		33,864		36,673	2,808

[4] Consolidated Statements of Cash Flows

Item	FY 2003 (Year ended Mar. 31, 2003) Amount (Millions of yen)	FY 2004 (Year ended Mar. 31, 2004) Amount (Millions of yen)
Ⅰ Cash flows from operating activities		
Income before income taxes	5,728	6,680
Depreciation	2,389	2,276
Amortization of adjustments on consolidated accounts	16	18
Equity method losses	—	652
Increase in employees' retirement allowances	370	456
Increase (decrease) in directors' retirement allowances	59	(610)
Increase (decrease) in allowance for doubtful receivables	209	(0)
Interest and dividends receivable	(191)	(140)
Interest payable	545	544
Exchange losses	8	160
Loss on valuation of investment securities	890	—
Gains on sale of investment securities	(58)	(102)
Decrease (increase) in accounts receivable	402	(110)
Decrease (increase) in inventories	(32)	96
Decrease in accounts payable	(5,203)	(245)
Decrease in accrued expenses	(268)	(382)
Directors' bonuses paid	(30)	(50)
Others, net	366	705
Subtotal	5,202	9,947
Interest and dividends received	191	140
Interest paid	(548)	(539)
Income taxes paid	(2,953)	(2,961)
Net cash provided by (used in) operating activities	1,892	6,587
Ⅱ Cash flows from investing activities		
Increase in time deposits	(16)	(5)
Decrease in time deposits	80	3
Payments for purchase of marketable securities	(1,900)	(2,298)
Proceeds from sale of marketable securities	1,800	1,300
Payments for acquisition of tangible fixed assets	(3,124)	(4,749)
Payments for acquisition of intangible fixed assets	(657)	(374)
Payments for purchase of investment securities	(3)	(490)
Proceeds from sale of investment securities	6,160	589
Increase in loans receivable	(193)	(80)
Decrease in loans receivable	177	101
Others, net	143	24
Net cash provided by (used in) investing activities	2,465	(5,979)
Ⅲ Cash flows from financing activities		
Net increase (decrease) in short-term loans	531	(2,636)
Proceeds from long-term bank borrowings	216	70
Repayments of long-term bank borrowings	(14)	(61)
Payments for redemption of corporate bonds	(69)	(169)
Payments for purchase of treasury stock	(1,581)	—
Cash dividends paid	(702)	(746)
Others, net	3	0
Net cash provided by (used in) financing activities	(1,615)	(3,541)
Ⅳ Effect of exchange rate changes on cash and cash equivalents	(190)	(239)
Ⅴ Increase (decrease) in cash and cash equivalents	2,551	(3,173)
Ⅵ Cash and cash equivalents, beginning of year	32,454	35,006
Ⅶ Cash and cash equivalents, end of year	35,006	31,832

Significant Notes in Preparation of Consolidated Financial Statements

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
1. Scope of consolidation	(1) Number of consolidated subsidiaries: 26 Principal ones are as follows: RISO, INC., RISO (Deutschland) GmbH, RISO FRANCE S.A., and RISO TECHNOLOGY ZHUHAI CO., LTD. RISO 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 consolidated financial statements.	(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 Same as left
2. Application of the 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, 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 endin g on March 31 for these subsidiaries.	Same as left

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
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) Accounting rules for major allowances and accruals 1. Allowance for doubtful receivables Same as left 2. Accrued bonuses Same as left

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
	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. 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.	3. Accrued warranty costs Same as left 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

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
	(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 1. Transaction of consumption taxes Consumption tax and local consumption tax are excluded from the reported amounts. 2. 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. 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. 3. 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."	(6) Other essential accounting rules required for drafting the Interim Consolidated Financial Statements 1. Transaction of consumption taxes Same as left 2. Accounting standards related to treasury stocks and transfer of statutory reserves (None)
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

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
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

Changes in Accounting Policies

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
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 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.	(None)

Reclassification

FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
[Consolidated statements of cash flows] The decrease in accrued expenses, which amounted to ¥360 million in the corresponding fiscal year 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)

Notes on Consolidated Balance Sheets

FY 2003 (As of Mar. 31, 2003)	FY 2004 (As of Mar. 31, 2004)
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. The total number of outstanding shares is 14,026,500 in common stock.	2. The total number of outstanding shares is 14,026,500 in common stock.
3. 468,569 shares of common stock are held as treasury stock.	3. 468,499 shares of common stock are held as treasury stock.

Notes on Consolidated Statements of Income

FY 2003 (Year ended Mar. 31, 2003)

1. The main items of "Selling, general and administrative expenses" and their amounts are given below.

[Item]	[Amount] (millions of yen)
Employees' salaries and bonuses	11,971
Depreciation	911
Provision for employees' retirement allowances	625
Provision for directors' retirement allowances	59
Provision for bonuses	1,312
Research and development expenses	3,972
Amortization of adjustments on Consolidated accounts	16
Provision for doubtful receivables	374

2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,524 million.

FY 2004 (Year ended Mar. 31, 2004)

1. The main items of "Selling, general and administrative expenses" and their amounts are given below.

[Item]	[Amount] (millions of yen)
Employees' salaries and bonuses	12,537
Depreciation	851
Provision for employees' retirement allowances	754
Provision for directors' retirement allowances	208
Provision for bonuses	1,388
Research and development expenses	4,049
Amortization of adjustments on Consolidated accounts	18
Provision for doubtful receivables	75

2. The research and development expenses included in the general and administrative expenses and the manufacturing costs incurred amount to ¥4,174 million.

Notes on Consolidated Statements of Cash Flows

FY 2003 (Year ended Mar. 31, 2003)

Reconciliation between balance sheet accounts and term-end balance of cash and cash equivalents

(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

FY 2004 (Year ended Mar. 31, 2004)

Reconciliation between balance sheet accounts and term-end balance of cash and cash equivalents

(As of March 31, 2004)

[Item]	[Amount] (Millions of yen)
Cash and deposits	30,377
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
Cash and cash equivalents	31,832

Notes on Lease Accounts

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

Notes on Marketable Securities

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

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

	Type	Acquisition cost	Balance-sheet-booked value	Difference
Marketable securities whose balance-sheet-booked value exceeds acquisition cost	(1) Shares	825	841	16
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	825	841	16
Marketable securities whose balance-sheet-booked value does not exceed acquisition cost	(1) Shares	790	657	(132)
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	790	657	(132)
Total		1,615	1,499	(116)

Note: The appraisal loss of ¥890 million is booked on the write-down of other marketable securities with market quotations in the corresponding fiscal year, 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.

2. Other marketable securities sold in the corresponding fiscal year (year ended Mar. 31, 2003) (Millions of yen)

Amount sold	Gain on sale	Loss on sale
9,759	124	65

3. Main marketable securities which are not recorded at market value (as of Mar. 31, 2003) (Millions of yen)

	Balance-sheet-booked value
Other marketable securities	
Unlisted stock (excluding over-the-counter stock)	1,017

4. Current portion of other marketable securities with fixed maturity (as of Mar. 31, 2003) (Millions of yen)

	Balance-sheet-booked value
Corporate bonds	300

- FY 2004 (As of March 31, 2004) -

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

	Type	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
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	1,128	2,360	1,232
Marketable securities whose balance-sheet-booked value does not exceed acquisition cost	(1) Shares	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		1,128	2,360	1,232

2. Other marketable securities sold in the corresponding fiscal year (year ended Mar. 31, 2003) (Millions of yen)

Amount sold	Gain on sale	Loss on sale
1,889	130	28

3. Main marketable securities which are not recorded at market value (as of Mar. 31, 2003) (Millions of yen)

	Balance-sheet-booked value
Other marketable securities	
Unlisted stock (excluding over-the-counter stock)	1,014

4. Current portion of other marketable securities with fixed maturity (as of Mar. 31, 2003) (Millions of yen)

	Balance-sheet-booked value
Corporate bonds	300
Commercial papers	999
Cash trusts	1,500

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 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
(1) Projected retirement benefit obligations	(7,632)	(8,106)
(2) Plan assets	3,525	4,454
(3) Uncovered retirement benefit obligations < (1)+(2) >	(4,106)	(3,652)
(4) Unrecognized actuarial differences	1,838	927
(5) Net obligations to be carried on consolidated balance sheets < (3)+(4) >	(2,267)	(2,724)
(6) Employees' retirement allowances	2,267	2,724

FY 2003
(Year ended Mar. 31, 2003)

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, 2003 are as follows:
- Plan asset amount ¥38,628 million
- Our membership ratio 13.3%

2. Some consolidated subsidiaries apply a simplified method in computing retirement benefit obligations.

FY 2004
(Year ended Mar. 31, 2004)

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. Same as left

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

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
Total expenses	799	944
(1) Service expense	527	549
(2) Interest expense	173	152
(3) Expected investment returns (to be deducted)	(83)	(17)
(4) Actuarial differences	181	261

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

Item	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
(1) Periodic allocation	Straight-line method	Same as left
(2) Discount rate	2.0%	2.0%
(3) Expected rate of investment returns	2.2%	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.	Same as left

Notes on Tax Effect Accounting

FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
1. Breakdown of deferred tax assets [Item] — [Amount] (millions of yen) Excess of deductible amount for doubtful accounts: 319 Unrealized gains (losses): 1,753 Denial of research and development expenses: 454 Denial of valuation loss of investment securities and other: 747 Excess of deductible amount for bonus: 492 Denial of accrued enterprise tax: 175 Excess of deductible amount for employees' retirement allowances: 631 Denial of directors' retirement allowances: 372 Net unrealized holding gains on securities: 47 Others: 520 Subtotal: 5,514 Valuation allowances: (211) Total: 5,302	1. Breakdown of deferred tax assets and liabilities [Item] — [Amount] (millions of yen) < Deferred tax assets > Excess of deductible amount for doubtful accounts: 285 Unrealized gains (losses): 1,204 Denial of research and development expenses: 459 Denial of valuation loss of investment securities and other: 494 Denial of accrued bonuses: 567 Denial of accrued enterprise tax: 147 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: 2.6 Evenly-allocated inhabitant tax and others: 1.8 Reduction in deferred tax assets at year-end due to tax rate change: 1.4 Use of net loss carried forward for tax purposes: (1.7) Others: (0.5) Reconciled tax rate: 45.7	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 Items excluded from gross revenue such as dividend received: (0.2) Evenly-allocated inhabitant tax and others: 1.5 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 the Law Partially Revising Local Taxes (Act no.2003-09) has been effective on March 31, 2003, the effective statutory tax rate applied in calculating the deferred tax assets and liabilities (which are expected to be eliminated after April 1, 2004) in the corresponding fiscal year has been changed to 40.5% from 42.1%, which was applied in the previous fiscal year. As a result, deferred tax assets (with deduction of deferred tax liabilities) declined ¥83 million, corporate income tax and other tax adjustments rose ¥81 million and net unrealized holding gains on securities increased ¥1 million in the corresponding fiscal year.	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.

Segment Information

[Segment Information by Business]

- 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 and possesses more than 90% of total assets at the year-end.

- 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

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 main operations in each business segment are as follows:
(1) Printing equipment-related business: Sales of printing equipment
(2) Real estate business and others: Lease of real estate

3. All costs and expenses are allocated to the respective business segments without leaving unallocated ones.

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

[Segment Information by Geographic Area]

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

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
1. Sales and operating income (loss)							
(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
2. Assets	100,856	11,403	9,325	6,212	127,797	(19,069)	108,728

- 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

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]

- FY 2003 (Year ended Mar. 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

- 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

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 2003 (Year ended Mar. 31, 2003) -

(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				
Director	Noboru Hayama	—	—	Board chairman	6.08% directly	—	—	Offices leased	5	—	—
Director	Takehiko Imamura	—	—	Auditor	None	—	—	Leasing offices	2	—	—
								Lawyer's fee	2	—	—
Director	Aizo Murakami	—	—	Auditor	0.01% directly	—	—	Lawyer's fee	7	—	—

Note: 1. Consumption taxes are not included in the amount 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.

(2) The leasing office is the Imamura Legal Office, whose rent is decided through price negotiation, based on the current market price, taking into consideration the level of neighboring rents.

- 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				
Director	Noboru Hayama	—	—	Board chairman	5.94% directly	—	—	Offices leased	1	—	—
Director	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.

Notes on Per-share Financial Data

FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
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 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	Shareholders' equity per share ¥4,696.16 Net income per share ¥261.29 Diluted net income per share ¥246.46

(5) Production Record, Orders Received and Sales Results

[1] Production Record

(Millions of yen)

Business Segment	FY 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
Printing equipment-related business	57,854	56,978
Total	57,854	56,978

Note: 1. Sales 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 2003 (Year ended Mar. 31, 2003)	FY 2004 (Year ended Mar. 31, 2004)
Printing equipment-related business	82,396	83,045
Real estate business and others	18	621
Total	82,414	83,666

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 in these two fiscal years.