

FY2008 (Year ending Mar. 31, 2008)

# Supplementary Information for 1st Half of FY2008 (6 months ended September 30, 2007)

November 6, 2007

**RISO KAGAKU CORPORATION**

## 1. Sales Performance (by Geographic Area)

(Million yen, %)

	1st Half of FY2007 (6 months ended Sept. 30, 2006)			1st Half of FY2008 (6 months ended Sept. 30, 2007)			Change			Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Year-on-year	Impact of exchange rate	
Total sales	42,601	100.0	1.28	43,535	100.0	1.23	933	2.2	1,496	
Printing equipment-related business	42,042	98.7	1.28	42,979	98.7	1.23	936	2.2	1,496	<ul style="list-style-type: none"> <li>•Sales increased 2.2% thanks to the favorable impact of exchange rates and the increase in ORPHIS sales.</li> <li>•Sales decreased 1.3% year-on-year if the previous year's exchange rate is used.</li> </ul>
Japan	21,905	51.4	1.01	21,562	49.5	1.00	(343)	(1.6)	—	<ul style="list-style-type: none"> <li>•While RISOGRAPH sales fell from the previous year, ORPHIS sales rose, supported by strong sales of consumables.</li> </ul>
Overseas	20,137	47.3	1.83	21,416	49.2	1.60	1,279	6.4	1,496	<ul style="list-style-type: none"> <li>•Sales of RISOGRAPH in developed countries fell from the previous year. ORPHIS sales expanded mainly in Europe and the Americas.</li> <li>•The exchange rate had a favorable impact. Sales fell 1.1% year-on-year if the previous year's exchange rate is used.</li> </ul>
Americas	6,720	15.8	2.03	6,218	14.3	1.55	(501)	(7.5)	206	<ul style="list-style-type: none"> <li>•Sales of RISOGRAPH were down from the year-ago level.</li> <li>•Sales declined 10.5% year-on-year if the previous year's exchange rate is used.</li> </ul>
Europe	8,586	20.2	1.85	9,821	22.6	1.71	1,235	14.4	869	<ul style="list-style-type: none"> <li>•Although sales of RISOGRAPH in developed countries fell from the previous year, sales increased supported by expanded ORPHIS sales, led by the subsidiaries in France and Britain.</li> <li>•Sales rose 4.3% year-on-year if the previous year's exchange rate is used.</li> </ul>
Asia	4,830	11.3	1.58	5,376	12.3	1.49	545	11.3	421	<ul style="list-style-type: none"> <li>•The performance in Southeast Asia was almost in line with the plan. Sales were up from the previous year in China, although sales of RISOGRAPH's consumables declined.</li> <li>•Sales increased 2.6% year-on-year if the previous year's exchange rate is used.</li> </ul>
Real estate business and others	558	1.3	1.02	556	1.3	1.02	(2)	(0.4)	—	<ul style="list-style-type: none"> <li>• The performance of the real estate business and insurance agency business was almost in line with the plan.</li> </ul>

●Exchange rate

	1st Half of FY2007 (6 months ended Sept. 30, 2006)	1st Half of FY2008 (6 months ended Sept. 30, 2007)
One dollar	115.38	119.33
One euro	145.97	162.30

## 2. Statements of Income Results (Consolidated Data)

(Million yen, %)

	1st Half of FY2007 (6 months ended Sept. 30, 2006)			1st Half of FY2008 (6 months ended Sept. 30, 2007)			Change		Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Rate of change	
Net sales	42,601	100.0	1.28	43,535	100.0	1.23	933	2.2	• Impact of exchange rate: Plus 1,496 million yen
Cost of sales	20,635	48.4	1.11	20,954	48.1	1.06	319	1.5	
Gross profit	21,966	51.6	1.49	22,580	51.9	1.46	614	2.8	
Selling, general and administrative expenses	19,685	46.2	1.49	20,300	46.6	1.52	614	3.1	• Personnel costs and expenses rose 4.0% and 2.2% respectively. • Increase in the costs of packaging and shipping
Operating income	2,280	5.4	1.49	2,279	5.3	1.05	(0)	(0.0)	• Impact of exchange rate: Plus 337 million yen
Other income	354	0.8		448	1.0		93	26.5	
Interest and Dividend income	120			162					
Equity method gains	10			29					
Exchange profits	46			—					
Others	176			255					
Other expenses	383	0.9		369	0.9		(14)	(3.8)	
Interest expenses and Discount expenses	311			299					
Equity method losses	—			—					
Others	72			69					
Recurring income	2,250	5.3	1.34	2,358	5.4	0.98	107	4.8	
Extraordinary gain	—	—		—	—				
Extraordinary loss	—	—		—	—				
Income before income taxes	2,250	5.3		2,358	5.4		107	4.8	
Net income	1,292	3.0	0.87	1,321	3.0	4.41	29	2.2	
Capital expenditure	3,033	—	1.18	2,833	—	—	(200)	(6.6)	
Depreciation	2,487	—	1.29	2,547	—	—	60	2.4	
Number of employees	3,346		2.09	3,248		2.00	(98)	(2.9)	The number of employees fell 15 in Americas, 61 in Europe, and 42 in China. The number of employees of Riso Kagaku Corporation alone was 1,621 at the end of September 2007, an increase of 22.
● Major Selling, general and administration expenses									
Sales promotion expenses	687			744			57	8.3	
Advertisement expenses	740			699			(41)	(5.5)	
Research and development expenses	2,055			2,122			67	3.3	

### 3. Balance Sheet Results (Consolidated Data) (1)

(Million yen, %)

	FY2007 (As of Mar. 31, 2007)			1st Half of FY2008 (As of Sept. 30, 2007)			Change		Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Rate of change	
Current assets	73,619	60.8	1.31	67,650	57.7	1.32	(5,969)	(8.1)	
Cash and deposits	29,572			26,819			(2,752)		
Notes and accounts receivable	17,570			14,588			(2,982)		•Fell due to seasonal influences
Marketable securities	8,040			6,613			(1,426)		•Sold out
Inventories	13,914			15,014			1,100		•Fell due to seasonal influences
Deferred tax assets (short)	2,782			2,889			106		
Others	1,977			1,980			2		
Allowance for doubtful receivables (short)	(238)			(255)			(16)		
Fixed assets	47,430	39.2	0.84	49,653	42.3	0.87	2,222	4.7	
Tangible fixed assets	31,296	25.9	1.07	31,118	26.5	1.07	(177)	(0.6)	
Buildings and structures	8,022			7,883			(139)		
Machinery, equipment and vehicles	1,982			1,924			(57)		
Tools, furniture and fixtures	1,714			1,659			(55)		
Land	14,873			14,873			—		
Others	4,703			4,778			74		
Intangible fixed assets	2,459	2.0	1.41	2,371	2.0	1.20	(87)	(3.6)	
Software	1,774			1,720			(53)		
Others	685			650			(35)		
Investments and other securities	13,674	11.3	0.55	16,162	13.8	0.62	2,488	18.2	
Investment in securities	7,266			9,400			2,134		
Long-term advances	209			296			87		
Deferred tax assets (long)	848			1,125			276		
Others	6,157			6,102			(54)		
Allowance for doubtful receivables (long)	(807)			(762)			44		
<b>Total assets</b>	<b>121,049</b>	<b>100.0</b>	<b>1.07</b>	<b>117,303</b>	<b>100.0</b>	<b>1.08</b>	<b>(3,746)</b>	<b>(3.1)</b>	

### 3. Balance Sheet Results (Consolidated Data) (2)

(Million yen, %)

	FY2007 (As of Mar. 31, 2007)			1st Half of FY2008 (As of Sept. 30, 2007)			Change		Remarks
	Amount	Breakdown	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Amount	Rate of change	
Current liabilities	31,492	26.1	1.39	28,910	24.6	1.39	(2,581)	(8.2)	
Notes and accounts payable	15,444			14,825			(619)		
Short-term loans	5,805			5,125			(680)		
Long-term bank borrowings due within one year	9			8			(1)		
Accrued taxes	1,695			1,313			(381)		
Accrued bonuses	1,680			1,621			(58)		
Accrued directors' bonuses	50			15			(34)		
Accrued warranty costs	103			114			11		
Others	6,704			5,886			(817)		
Long-term liabilities	18,202	15.0	1.01	17,076	14.6	1.01	(1,125)	(6.2)	
Convertible bonds	14,091			13,286			(805)		• Retirement by purchase
Long-term bank borrowings	104			112			8		
Employees' retirement allowances	3,111			2,991			(119)		
Directors' retirement allowances	290			209			(80)		
Others	605			476			(129)		
Total liabilities	49,694	41.1	1.22	45,987	39.2	1.22	(3,707)	(7.5)	
Shareholders' equity	68,557	56.6	0.98	68,820	58.7	0.99	262	0.4	
Common stock	14,114			14,114			—		
Capital surplus	14,779			14,779			—		
Retained earnings	42,532			42,794			262		
Treasury stock	(2,868)			(2,869)			(0)		
Other comprehensive income	2,630	2.2	1.54	2,315	1.9	1.93	(314)	(12.0)	
Net unrealized holding gains or losses on securities	1,706			1,198			(508)		• Write-down of investment securities
Foreign currency translation adjustments	923			1,117			194		
Minority interests	166	0.1	—	179	0.2	—	13	7.9	
Total net assets	71,354	58.9	0.99	71,316	60.8	1.01	(38)	(0.1)	
Total liabilities and net assets	121,049	100.0	1.07	117,303	100.0	1.08	(3,746)	(3.1)	

#### 4. Statements of Cash Flows (1)

				(Million yen)
	1st Half of FY2007 (6 months ended Sept. 30, 2006)	1st Half of FY2008 (6 months ended Sept. 30, 2007)	Remarks	FY2007 (Year ended Mar. 31, 2007)
	Amount	Amount		Amount
<b>I Cash flows from operating activities</b>				
Income before income taxes	2,250	2,358		5,139
Depreciation	1,342	1,351		2,767
Depreciation of goodwill	33	25		84
Equity method losses (profits)	(10)	(29)		(81)
Increase (decrease) in employees' retirement allowances	16	(119)		48
Increase (decrease) in directors' retirement allowances	19	(80)		43
Increase (decrease) in accrued directors' bonuses	17	(34)		50
Increase (decrease) in allowance for doubtful receivables	(109)	(23)		(279)
Interest and dividends receivable	(120)	(162)		(254)
Interest payable	311	299		623
Exchange losses (profits)	53	(50)		183
Decrease (increase) in accounts receivable	2,602	3,100		77
Decrease (increase) in inventories	215	(1,052)		1,616
Increase (decrease) in accounts payable	966	(698)		1,926
Increase (decrease) in accrued expenses	422	(446)		623
Directors' bonuses paid	(33)	—		(33)
Others, net	(790)	(270)		65
Subtotal	7,186	4,165		12,601
Interest and dividends received	120	156		249
Interest paid	(322)	(300)		(633)
Income taxes paid	(1,435)	(1,415)		(2,165)
Net cash provided by operating activities	5,549	2,606		10,053

#### 4. Statements of Cash Flows (2)

				(Million yen)
	1st Half of FY2007 (6 months ended Sept. 30, 2006)	1st Half of FY2008 (6 months ended Sept. 30, 2007)	Remarks	FY2007 (Year ended Mar. 31, 2007)
	Amount	Amount		Amount
<b>II Cash flows from investing activities</b>				
Increase in time deposits	(501)	(1,727)		(891)
Decrease in time deposits	10	0		12
Payments for purchase of marketable securities	(1,000)	—		(2,500)
Proceeds from sale of marketable securities	1,000	3,995		2,300
Payments for acquisition of tangible fixed assets	(840)	(993)		(1,442)
Payments for acquisition of intangible fixed assets	(480)	(315)		(940)
Payments for purchase of investment securities	(500)	(3,003)		(3,000)
Proceeds from sale of investment securities	600	—		600
Increase in loans receivable	(11)	(123)		(27)
Decrease in loans receivable	37	48		86
Others, net	77	27		(240)
Net cash provided by (used in) investing activities	(1,608)	(2,092)		(6,043)
<b>III Cash flows from financing activities</b>				
Net increase (decrease) in short-term loans	3	(630)		(559)
Proceeds from long-term bank borrowings	7	24		8
Repayments of long-term bank borrowings	(41)	(17)		(60)
Payments for redemption of corporate bonds	(1,017)	(816)	•Retirement by purchase	(2,631)
Payments for purchase of treasury stock	(0)	—		(254)
Cash dividends paid	(796)	(1,057)		(796)
Others, net	0	(0)		0
Net cash provided (used in) financing activities	(1,843)	(2,498)		(4,293)
IV Effect of exchange rate changes on cash and cash equivalents	78	76		252
V Increase (decrease) in cash and cash equivalents	2,176	(1,907)		(30)
VI Cash and cash equivalents, beginning of term	32,697	32,667		32,697
VII Cash and cash equivalents, end of term	34,874	30,759		32,667

5. Results for 1st Half of FY2008 (6 months ended Sept. 30, 2007) and Forecasts for FY2008 (Year ending Mar. 31, 2008)

Consolidated, first half of the year

(Million yen, %)

	Interim results FY2007 (Year ended March 31, 2007)		Interim results FY2008 (Year ending Mar. 31, 2008)			
	Amount	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	42,601	1.28	43,535	100.0	1.23	2.2
Printing equipment-related business	42,042	1.28	42,979	98.7	1.23	2.2
Japan	21,905	1.01	21,563	49.5	1.00	(1.6)
Overseas	20,137	1.83	21,416	49.2	1.60	6.4
Americas	6,720	2.03	6,218	14.3	1.55	(7.5)
Europe	8,586	1.85	9,821	22.6	1.71	14.4
Asia	4,830	1.58	5,376	12.3	1.49	11.3
Real estate business and others	558	1.02	556	1.3	1.02	(0.4)
Operating income	2,280	1.49	2,279	5.3	1.05	(0.0)
Recurring income	2,250	1.34	2,358	5.4	0.98	4.8
Net income	1,292	0.87	1,321	3.0	4.42	2.2
Capital expenditure	3,033		2,833			(6.6)
Depreciation	2,487		2,547			2.4
Closing rate	Average exchange rate for the period 115.38 yen against the dollar, 145.97 yen for the euro		Average exchange rate for the period 119.33 yen against the dollar, 162.30 yen for the euro			

Consolidated, full year

(Million yen, %)

	Results FY2007 (Year ended March 31, 2007)		Forecasts FY2008 (Year ending Mar. 31, 2008)			
	Amount	Consolidated / non-consolidated	Amount	Breakdown	Consolidated / non-consolidated	Year-on-year
Total sales	90,863	1.27	94,000	100.0	1.26	3.5
Printing equipment-related business	89,744	1.27	92,900	98.8	1.26	3.5
Japan	46,895	1.01	48,600	51.7	1.00	3.6
Overseas	42,849	1.79	44,300	47.1	1.74	3.4
Americas	13,396	1.94	13,550	14.4	1.88	1.1
Europe	19,263	1.80	19,600	20.8	1.69	1.7
Asia	10,190	1.61	11,150	11.9	1.69	9.4
Real estate business and others	1,118	1.02	1,100	1.2	1.00	(1.6)
Operating income	5,379	1.30	6,520	6.9	1.39	21.2
Recurring income	5,139	1.15	6,170	6.6	1.28	20.1
Net income	2,977	0.98	3,840	4.1	2.39	29.0
Capital expenditure	5,594		5,800			3.7
Depreciation	5,222		5,100			(2.3)
Closing rate	Average exchange rate for the period 117.02 yen against the dollar, 150.09 yen against the euro		Average exchange rate for the period 117.00 yen against the dollar, 162.00 yen against the euro			

Non-consolidated, first half of the year

(Million yen, %)

	Interim results FY2007 (Year ended March 31, 2007)		Interim results FY2008 (Year ending Mar. 31, 2008)		
	Amount		Amount	Breakdown	Year-on-year
Total sales	33,294		35,354	100.0	6.2
Printing equipment-related business	32,748		34,808	98.5	6.3
Japan	21,739		21,464	60.7	(1.3)
Overseas	11,008		13,345	37.8	21.2
Americas	3,305		4,006	11.3	21.2
Europe	4,651		5,729	16.2	23.2
Asia	3,051		3,610	10.2	18.3
Real estate business and others	546		546	1.5	0.0
Operating income	1,531		2,164	6.1	41.3
Recurring income	1,677		2,401	6.8	43.2
Net income	1,488		299	0.8	(79.9)

Non-consolidated, full year

(Million yen, %)

	Results FY2007 (Year ended March 31, 2007)		Forecasts FY2008 (Year ending Mar. 31, 2008)		
	Amount		Amount	Breakdown	Year-on-year
Total sales	71,673		74,900	100.0	4.5
Printing-equipment-related business	70,581		73,800	98.5	4.6
Japan	46,602		48,400	64.6	3.9
Overseas	23,979		25,400	33.9	5.9
Americas	6,919		7,200	9.6	4.1
Europe	10,719		11,600	15.5	8.2
Asia	6,340		6,600	8.8	4.1
Real estate business and others	1,092		1,100	1.5	0.7
Operating income	4,151		4,680	6.2	12.7
Recurring income	4,473		4,830	6.4	8.0
Net income	3,030		1,610	2.1	(46.9)