

Financial and Business Results for the First Quarter of the Fiscal Year Ending December 31, 2008 (Non-consolidated)

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Company **BancTec Japan, Inc.**
 Stock Code 3818
 Representative Kiyohiro Miisho, Representative Director & President
 Contact Keiichi Yoshida, Director and General Manager of Administration

Listed on the JASDAQ
 URL: <http://www.banctec.co.jp/>
 TEL: 03-5434-2551

(Rounded down to million yen)

1. Results of operations for the first Quarter of the fiscal year ending December 2008 (January 1, 2008 through March 31, 2008)

(1) Results of operations (% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2008 1 st Quarter	2,875	18.6	283		273		161	
FY2007 1 st Quarter	2,424	34.1	-61		-64		-40	
Year ended December 2007	11,932		639		606		385	

	Net income per share	Diluted net income per share
	Million yen	Million yen
FY2008 1 st Quarter	1,469.28	
FY2007 1 st Quarter	-367.60	-367.07
Year ended December 2007	3,521.23	3,512.45

(2) Financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2008 1 st Quarter	7,576	2,423	32.0	22,111.81
FY2007 1 st Quarter	6,304	1,938	30.8	17,686.91
Year ended December 2007	7,218	2,346	32.5	21,403.12

(3) Results of cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2008 1 st Quarter	611	-101	-364	1,642
FY2007 1 st Quarter	281	-242	-62	691
Year ended December 2007	1,517	-1,056	320	1,496

2. Dividends

(Record date)	Dividend per share		
	End of interim	Year-end	Annual
December 2007	Yen	750 Yen	750 Yen
December 2008 (actual)			
December 2008 (forecast)		750	750

3. Forecast of business results for the fiscal year ending December 2008 【Reference】 (January 1, 2008 through December 31, 2008)

Full year forecast is largely on target and there have been no revisions to business forecast announced on Feb. 15, 2008.

(% change from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	6,200	20.7	545	2,175.1	530	2,689.5	320	3,900.0	2,919.18
Year ending December 2008	12,500	4.8	1,030	61.1	1,000	65.0	600	55.4	5,473.45

4. Others

(1) Adoption of simplified accounting methods: Yes

(2) Changes in accounting treatment compared to most recent fiscal year: None

(Note) [For details, please see section 4. Others of 【Results of operations and financial conditions】 on page 3]

*** Explanation regarding appropriate use of business forecasts and other special instructions**

Above forecasts regarding future performance are based on information available at the time this report was prepared. Actual results may differ from the forecasts due to various factors.

【Results of operations and financial conditions】

1. Results of operations

In the first quarter of 2008, uncertainty about the outlook for Japan's economy increased due to a number of factors. In particular, the U.S. subprime loan crisis sparked turmoil in financial markets, the cost of crude oil rose sharply and there was a rapid increase in the yen's value relative to the U.S. dollar.

BancTec Japan recorded strong orders and sales during the first quarter. One reason was the horizontal extension of sales activities to insurance companies, which are making extensive use of image solutions. Another factor was a focus on sales of software to current public-sector customers as they adapt to changes in Japan's health insurance system. In addition, the outsourcing business increased sharply, as the nationwide data service operations for a large convenience store, which became ready in the second half of 2007, started contributing fully to sales and earnings in the first quarter of this year. The business segment, together with that of maintenance and others, has become a stable source of earnings.

As a result, first half sales increased 18.6% year-on-year to 2,875 million yen.

Earnings benefited from the higher sales, an improvement in the gross profit margin resulting primarily from better profitability of application software development activities, and a decline in selling, general and administrative expenses due mainly to lower amortization expenses for long-term prepaid expenses posted when the 2002 management buyout took place. The result was a significant improvement in earnings. Operating income of 283 million yen compared with a loss of 61 million yen one year earlier, ordinary income of 273 million yen compared with a loss of 64 million yen, and net income of 161 million yen compared with a loss of 40 million yen.

2. Financial Condition

Cash and cash equivalents totaled 1,642 million yen on March 31, 2008, 146 million yen more than the amount at the end of 2007. A summary of first quarter cash flows follows.

(Operating activities)

Net cash provided by operating activities was 611 million yen. Major sources of cash were income before income taxes, depreciation and amortization of 417 million yen, an increase of 282 million yen in advances received, and a 209 million yen increase in accounts payable. Major uses of cash were a 281 million yen increase in inventories and income taxes of 202 million yen.

(Investing activities)

Net cash used in investing activities was 101 million yen. The largest use of cash was 77 million yen for the purchase of property and equipment.

(Financing activities)

Net cash used in financing activities was 364 million yen. This is the sum of 287 million yen for repayments of long-term loans and 76 million yen for dividend payments.

3. Forecast for 2008

As recent trends in orders received and the order backlog for the imaging data solutions business are generally in line with expectations, and as the gross profit margin and selling, general and administrative expenses are approximately the same as planned, there are no changes to the forecast that was announced on February 15, 2008.

4. Other items

(1) Use of simplified accounting methods:

Yes

(Description)

- Inventories are based on the book inventory calculated by using the amount of physical inventories at the end of 2007 as the starting figure.

(2) Changes in accounting method compared with most recent fiscal year: No