

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

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(Rounded down to million yen)

1. Results of operations for the third quarter of the fiscal year ending December 2008

(January 1, 2008 through September 30, 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 3 rd Quarter	9,266	17.6	1,259	368.3	1,229	390.2	747	386.5
FY2007 3 rd Quarter	7,877	12.2	268	6.4	250	14.0	153	17.6
Year ended December 2007	11,932		639		606		385	

	Net income per share	Diluted net income per share
	Yen	Yen
FY2008 3 rd Quarter	6,821.88	6,789.44
FY2007 3 rd Quarter	1,402.41	1,397.60
Year ended December 2007	3,521.23	3,512.45

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2008 3 rd Quarter	7,455	3,011	40.4	27,441.76
FY2007 3 rd Quarter	7,601	2,118	27.9	19,321.36
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 3 rd Quarter	1,252	-705	-651	1,394
FY2007 3 rd Quarter	410	-867	470	733
Year ended December 2007	1,517	-1,056	320	1,496

2. Dividends

(Record date)	Dividend per share		
	End of interim	Year-end	Annual
	Yen	Yen	Yen
December 2007		750.00	750.00
December 2008 (actual)			
December 2008 (forecast)		1,400.00	1,400.00

3. Forecast of business results for the fiscal year ending December 2008

(January 1, 2008 through December 31, 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
Year ending December 2008	13,100	9.8	1,300	103.4	1,275	110.4	720	86.5	6,561.26

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 third quarter of fiscal 2008, Japan's economy faced with a worldwide recession including a slowdown in consumer spending and growing concern about a slowdown in corporate earnings, while there was a growing concern about a slowdown in the strong capital investment. In particular, the U.S. subprime loan problem sparked concern about an economic recession and prices rose because of soaring raw material prices including crude oil.

Under such environment, BancTec Japan recorded strong public-related sales due to other financial industry such as insurance industry, which are making extensive use of image information and an increase in demand for software upgrading associated with changes in health insurance system. In addition, the outsourcing business achieved the plan that the business segment, together with that of maintenance and others has become a stable revenue base.

As a result, sales in the third quarter increased 17.6% year-on-year to 9,266 million yen.

Regarding profit, operating income in the third quarter of the current fiscal year increased 368.3% compared to the same period in the previous fiscal year to 1,259 million yen. The income gain is attributed mainly to two factors: a higher gross profit margin reflecting enhanced profitability on application development projects and a decline in SG&A expenses as depreciation and amortization expenses came down following the completion of amortization of a part of long-term pre-paid expenses (booked in 2002) associated with the 2002 MBO (Management Buyout). Ordinary income rose 390.2% compared to the same period a year earlier to 1,229 million yen and net income was up 386.5% compared to the same period a year earlier to 747 million yen.

2. Financial conditions

Cash and cash equivalents totaled 1,394 million yen, 102 million yen less than the amount at the end of 2007.

A summary of the third quarter cash flows are as follows.

(Operating activities)

Net cash provided by operating activities was 1,252 million yen. Major sources of cash were income before income taxes of 1,249 million yen, a 753 million yen decrease in accounts receivable, depreciation and amortization of 376 million yen and a 839 million yen increase in inventories.

(Investing activities)

Net cash used in investing activities was 705 million yen. This was mainly the result of paying 310 million yen for the acquisition of tangible fixed assets.

(Financing activities)

Net cash used in financing activities was 651 million yen. This was due mainly to 575 million yen for repayments of long-term loans and 82 million yen for dividend payments.

3. Business forecasts

Full year forecasts are generally in line with the plan. Therefore, there are no changes to the forecasts that was announced on August 1, 2008.

4. Others

(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: None