

Consolidated Financial Results
for the Nine Months of the Fiscal Year Ending March 31, 2015
<under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6413
 URL: <http://www.riso.co.jp/english/>
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Scheduled date to file Quarterly Report: February 10, 2015
 Scheduled date of dividend payment commencement: –
 Preparation of supplementary information on quarterly business results: None
 Holding of briefing on quarterly business results: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the nine months of the fiscal year ending March 31, 2015
(from April 1, 2014 to December 31, 2014)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|-------------------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended | | | | | | | | |
| December 31, 2014 | 60,952 | 3.2 | 4,270 | 32.6 | 4,635 | 21.7 | 3,110 | 33.7 |
| December 31, 2013 | 59,052 | 11.6 | 3,220 | 12.0 | 3,809 | 17.5 | 2,327 | 15.2 |

Note: Comprehensive Income

Nine months ended December 31, 2014: 5,000 million yen / 20.7%

Nine months ended December 31, 2013: 4,141 million yen / 60.2%

| | Net income per share | Diluted net income per share |
|-------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended | | |
| December 31, 2014 | 75.36 | – |
| December 31, 2013 | 52.90 | – |

The Company conducted a two-for-one split of its common shares on January 1, 2015. As a result, net income per share stated above was calculated based on the assumption that the two-for-one stock split took place at the beginning of the fiscal year ended March 31, 2014.

(2) Consolidated financial position

| | Total assets | Net assets | Equity ratio |
|-------------------|-----------------|-----------------|--------------|
| As of | Millions of yen | Millions of yen | % |
| December 31, 2014 | 92,900 | 66,010 | 71.1 |
| March 31, 2014 | 91,740 | 64,804 | 70.6 |

Reference: Shareholders' Equity As of December 31, 2014: 66,010 million yen As of March 31, 2014: 64,804 million yen

2. Cash dividends

| | Cash dividends per share | | | | |
|---|--------------------------|----------------|---------------|-----------------|-------|
| | First quarter | Second quarter | Third quarter | Fiscal year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended March 31, 2014 | – | 0.00 | – | 60.00 | 60.00 |
| Fiscal year ending March 31, 2015 | – | 0.00 | – | | |
| Fiscal year ending March 31, 2015 (Forecasts) | | | | 30.00 | 30.00 |

Note: Revisions to the forecasts of cash dividends in the current quarter: None

The Company conducted a two-for-one split of its common shares on January 1, 2015. Actual dividend amounts for the year ended March 31, 2014 have been stated on a basis prior to said stock split.

3. Forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Net income | | Net income per share |
|-----------------------------------|-----------------|-----|------------------|-----|-----------------|-------|-----------------|-----|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Fiscal year ending March 31, 2015 | 86,000 | 2.5 | 6,700 | 1.7 | 6,900 | (4.1) | 4,700 | 2.6 | 114.48 |

Note: Revisions to the forecasts in the current quarter: Yes

Please see the press release titled "Notice Regarding Changes in Forecasts" issued today (January 30, 2015) for information on revisions made to consolidated financial forecasts. In addition, the Company conducted a two-for-one split of its common shares on January 1, 2015. Forecast for net income per share on a consolidated basis has been calculated based on the number of issued shares (excluding treasury stock) after said stock split.

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
- Changes due to revisions to accounting standards and other regulations: Yes
 - Changes due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

| | |
|-------------------------|-------------------|
| As of December 31, 2014 | 47,406,332 shares |
| As of March 31, 2014 | 47,406,332 shares |

- b. Number of treasury stock at the end of the period

| | |
|-------------------------|------------------|
| As of December 31, 2014 | 7,029,836 shares |
| As of March 31, 2014 | 5,574,354 shares |

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

| | |
|-------------------------------------|-------------------|
| Nine months ended December 31, 2014 | 41,279,624 shares |
| Nine months ended December 31, 2013 | 43,995,411 shares |

The Company conducted a two-for-one split of its common shares on January 1, 2015. As a result, number of issued share stated above was calculated based on the assumption that the two-for-one stock split took place at the beginning of the fiscal year ended March 31, 2014

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of the forecasts, and other special matters

The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company. These statements do not purport that the Company pledges to achieve such performance. Actual business may differ substantially from the forecasts due to various factors in the future.

* Other noteworthy matters

The Company conducted a two-for-one split of its common shares on January 1, 2015.

Attached Materials

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1. Qualitative Information regarding Consolidated Results for the Nine Months

(1) Explanation on consolidated operating results

The Riso Group (RISO) has been following its medium-term management policy of expanding sales channels and gaining new customers worldwide.

In RISO's consolidated operating results for the current nine months, overall net sales increased as a result of strong sales in the inkjet business overseas within the printing equipment business and the effects of yen depreciation. Operating income was higher as a result of increased profitability in Europe. As a result, net sales were 60,952 million yen (up 3.2% year on year), operating income was 4,270 million yen (up 32.6% year on year), and ordinary income was 4,635 million yen (up 21.7% year on year). Net income was 3,110 million yen (up 33.7% year on year).

The average exchange rates during the current consolidated nine months period were 106.87 yen (a 7.48 yen depreciation of the yen year on year) for the US dollar and 140.30 yen (an 8.07 yen depreciation of the yen year on year) for the euro.

Results by segment are as follows:

a. Printing equipment business

RISO, as a part of its printing equipment business, engages in the inkjet business, principally with its ORPHIS high-speed color printers, and the digital duplicating business, consisting mainly of its RISOGRAPH digital duplicators.

In the inkjet business, sales were strong in Europe and Asia. In contrast, sales in the digital duplicating business continued to decline overall. Net sales in the printing equipment business were 59,827 million yen (up 3.4% year on year) and operating income was 3,933 million yen (up 37.8% year on year).

Japan

In the inkjet business, sales were solid due to an increase in sales of high-priced models and optional equipment as well as contribution from higher sales of consumables. Sales in the digital duplicating business continued to decline, however. Net sales were 33,371 million yen (down 0.8% year on year) and operating income was 3,524 million yen (up 3.6% year on year).

The Americas

In the inkjet business, sales decreased despite an increase in the unit sales of hardware due to stagnant sales of consumables. Sales in the digital duplicating business also fell. Net sales were 4,176 million yen (down 2.2% year on year) and operating losses were 556 million yen (operating losses in the same period of the previous year were 305 million yen).

Europe

In the inkjet business, sales of hardware and consumables were strong, particularly in France and the United Kingdom. Sales in the digital duplicating business decreased, however. Net sales were up from the previous year's levels, partly due to the effect of exchange rates, reaching 13,133 million yen (up 12.9% year on year). Operating income was 889 million yen (operating loss in the same period of the previous year was 330 million yen) as a result of significantly increased income in the inkjet business.

Asia

In the inkjet business, sales of hardware and consumables were strong, particularly in China. Sales decreased in the digital duplicating business, however, despite growth in sales in certain countries. Net sales were 9,146 million yen (up 10.0% year on year) and operating income was 75 million yen (down 13.2% year on year) partly due to the effect of exchange rates.

b. Real estate business and others

RISO operates a real estate business focusing on leasing of the Omotesando Building and Shin-Osaka Building as well as a print creating business, mainly engaged in the print service business.

Net sales in the real estate business and others were 1,125 million yen (down 5.7% year on year) and operating income was 337 million yen (down 8.2% year on year).

(2) Explanation on consolidated financial position

The financial position of RISO at the end of the current quarter compared to the end of the previous fiscal year is as follows.

Total assets rose 1,159 million yen to 92,900 million yen, while net assets increased by 1,206 million yen to 66,010 million yen. As a result, the equity ratio increased 0.5 points to 71.1%.

The main changes in the assets portion include increases of 1,360 million yen in cash and deposits, 2,658 million yen in short-term investment securities and 899 million yen in buildings and structures, in contrast to decreases of 2,972 million yen in notes and accounts receivable-trade and 1,139 million yen in construction in progress. In the liabilities portion, there was an increase of 1,755 million yen in notes and accounts payable-trade, in contrast to decreases of 1,132 million yen in income taxes payable and 931 million yen in net defined benefit liability.

(3) Explanation on future estimates information pertaining to consolidated earnings forecasts

The consolidated forecasts for the fiscal year ending March 31, 2015, which were released on May 8, 2014, are changed as follows.

Changes to the full-year forecast for the fiscal year ending March 31, 2015
(April 1, 2014 to March 31, 2015)

| | (Millions of yen) | | | | |
|---|-------------------|------------------|-----------------|------------|----------------------|
| | Net sales | Operating income | Ordinary income | Net income | Net income per share |
| Previous forecasts | 86,000 | 6,500 | 6,550 | 4,400 | 105.18 yen |
| Revised forecasts | 86,000 | 6,700 | 6,900 | 4,700 | 114.48 yen |
| Difference | — | 200 | 350 | 300 | — |
| Percentage change | — | 3.1 | 5.3 | 6.8 | — |
| (Reference) Actual results of the fiscal year ended March 31, 2014 | 83,938 | 6,588 | 7,192 | 4,578 | 105.07 yen |

(Note)

The Company conducted a two-for-one split of its common shares on January 1, 2015. As a result, net income per share stated above forecasts was calculated based on the assumption that the two-for-one stock split took place at the beginning of the fiscal year ended March 31, 2014.

Reasons for changes

In order to reflect the operating results for the current nine months and the effect of exchange rates and other factors in the business environment, full-year operating income, ordinary income and net income were each revised upwards.

Foreign exchange rates for the full year in the outlook for the projected results are assumed to be 109 yen and 138 yen for the US dollar and the euro, respectively.

2. Matters Regarding Summary Information (Notes)

(1) Changes in accounting policies, changes in accounting estimates and restatement

Changes in accounting policies

The Company adopted the stipulations in Article 35 of the Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan [ASBJ] Statement No. 26 of May 17, 2012; hereafter, “Accounting Standard for Retirement Benefits”) and Article 67 of Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012; hereafter, “Guidance”) as of the first quarter of the consolidated fiscal year under review. Accordingly, the Company revised its method for calculating retirement benefit obligations and service costs, and changed its method of attributing expected retirement benefits to periods from a straight-line basis to a benefit formula basis. The method for determining the discounting rate has been changed from a method calculated on remaining years of service to one using a single weighted average discount rate reflecting the estimated payment period.

This change had no impact on retirement benefit liabilities and retained earnings at the beginning of the first quarter of the consolidated fiscal year under review, nor on operating income, ordinary income or income before income taxes and minority interests the third quarter of the consolidated fiscal year under review.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

| | As of March 31, 2014 | As of December 31, 2014 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,899 | 14,260 |
| Notes and accounts receivable-trade | 15,596 | 12,623 |
| Short-term investment securities | 2,876 | 5,535 |
| Merchandise and finished goods | 9,781 | 10,040 |
| Work in process | 479 | 889 |
| Raw materials and supplies | 2,373 | 2,994 |
| Deferred tax assets | 2,132 | 1,931 |
| Other | 1,979 | 2,336 |
| Allowance for doubtful accounts | (338) | (391) |
| Total current assets | 47,780 | 50,219 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 21,938 | 22,310 |
| Accumulated depreciation | (12,716) | (12,189) |
| Buildings and structures, net | 9,221 | 10,121 |
| Machinery, equipment and vehicles | 6,095 | 6,212 |
| Accumulated depreciation | (5,266) | (5,232) |
| Machinery, equipment and vehicles, net | 829 | 980 |
| Tools, furniture and fixtures | 16,164 | 16,187 |
| Accumulated depreciation | (15,156) | (15,177) |
| Tools, furniture and fixtures, net | 1,008 | 1,010 |
| Land | 17,071 | 17,029 |
| Lease assets | 356 | 358 |
| Accumulated depreciation | (151) | (179) |
| Lease assets, net | 205 | 178 |
| Construction in progress | 1,300 | 160 |
| Other | 9,692 | 9,613 |
| Accumulated depreciation | (6,585) | (6,124) |
| Other, net | 3,106 | 3,489 |
| Total property, plant and equipment | 32,742 | 32,970 |
| Intangible assets | | |
| Goodwill | 679 | 177 |
| Software | 2,232 | 1,999 |
| Other | 1,674 | 1,415 |
| Total intangible assets | 4,586 | 3,592 |
| Investments and other assets | | |
| Investment securities | 1,945 | 2,162 |
| Long-term loans receivable | 182 | 138 |
| Deferred tax assets | 1,142 | 851 |
| Other | 3,422 | 3,019 |
| Allowance for doubtful accounts | (61) | (54) |
| Total investments and other assets | 6,631 | 6,117 |
| Total noncurrent assets | 43,960 | 42,680 |
| Total assets | 91,740 | 92,900 |

(Millions of yen)

| | As of March 31, 2014 | As of December 31, 2014 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 9,560 | 11,315 |
| Short-term loans payable | 2,615 | 2,773 |
| Current portion of long-term loans payable | 2 | 2 |
| Income taxes payable | 1,286 | 154 |
| Provision for bonuses | 1,657 | 857 |
| Provision for directors' bonuses | 93 | 68 |
| Provision for product warranties | 53 | 40 |
| Other | 6,550 | 7,560 |
| Total current liabilities | 21,819 | 22,772 |
| Noncurrent liabilities | | |
| Long-term loans payable | 33 | 30 |
| Net defined benefit liability | 4,589 | 3,657 |
| Other | 495 | 429 |
| Total noncurrent liabilities | 5,117 | 4,117 |
| Total liabilities | 26,936 | 26,889 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,114 | 14,114 |
| Capital surplus | 14,779 | 14,779 |
| Retained earnings | 42,467 | 44,323 |
| Treasury stock | (5,935) | (8,474) |
| Total shareholders' equity | 65,426 | 64,743 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 343 | 541 |
| Foreign currency translation adjustment | (169) | 1,458 |
| Remeasurements of defined benefit plans | (796) | (732) |
| Total accumulated other comprehensive income | (622) | 1,267 |
| Total net assets | 64,804 | 66,010 |
| Total liabilities and net assets | 91,740 | 92,900 |

(2) Consolidated quarterly statements of (comprehensive) income

(Consolidated quarterly statements of income)

| | (Millions of yen) | |
|---|--|--|
| | Third Quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013) | Third Quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014) |
| Net sales | 59,052 | 60,952 |
| Cost of sales | 25,442 | 25,259 |
| Gross profit | 33,609 | 35,693 |
| Selling, general and administrative expenses | 30,389 | 31,422 |
| Operating income | 3,220 | 4,270 |
| Non-operating income | | |
| Interest income | 104 | 99 |
| Dividends income | 35 | 46 |
| Foreign exchange gains | 445 | 146 |
| Other | 208 | 203 |
| Total non-operating income | 794 | 496 |
| Non-operating expenses | | |
| Interest expenses | 50 | 43 |
| Loss on disposal of fixed assets | 61 | 51 |
| Other | 94 | 36 |
| Total non-operating expenses | 205 | 131 |
| Ordinary income | 3,809 | 4,635 |
| Extraordinary income | | |
| Insurance return | - | 33 |
| Gain on transfer of goodwill | 44 | - |
| Total extraordinary income | 44 | 33 |
| Extraordinary loss | | |
| Impairment loss | - | 59 |
| Total extraordinary loss | - | 59 |
| Income before income taxes and minority interests | 3,854 | 4,609 |
| Income taxes | 1,527 | 1,498 |
| Income before minority interests | 2,327 | 3,110 |
| Net income | 2,327 | 3,110 |

(Consolidated quarterly statements of comprehensive income)

| | Third Quarter ended December 31, 2013 (From April 1, 2013 to December 31, 2013) | Third Quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014) |
|---|--|--|
| | | (Millions of yen) |
| Income before minority interests | 2,327 | 3,110 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 242 | 197 |
| Foreign currency translation adjustment | 1,571 | 1,628 |
| Remeasurements of defined benefit plans | - | 64 |
| Total other comprehensive income | 1,814 | 1,889 |
| Comprehensive income | 4,141 | 5,000 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 4,141 | 5,000 |
| Comprehensive income attributable to minority interests | - | - |

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased treasury stock during the current third quarter. As a result, treasury stock increased 2,538 million yen during the third quarter and amounted to 8,474 million yen at the end of the current third quarter.

(Segment information)

1. Third quarter ended December 31, 2013 (from April 1, 2013 to December 31, 2013)

Information on sales and income or loss for each reportable segment

(Millions of yen)

| | Printing equipment business | | | | | Real estate business and others | Total |
|-----------------------|-----------------------------|--------------|--------|-------|--------|---------------------------------|--------|
| | Japan | The Americas | Europe | Asia | Total | | |
| Sales | 33,638 | 4,270 | 11,632 | 8,317 | 57,859 | 1,193 | 59,052 |
| Segment income (loss) | 3,401 | (305) | (330) | 87 | 2,853 | 367 | 3,220 |

Notes: 1. Real estate business and others includes real estate business, print creating business.

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The AmericasU.S. and Canada
- (2) EuropeGermany, United Kingdom and France
- (3) Asia.....China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

2. Third quarter ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

Information on sales and income or loss for each reportable segment

(Millions of yen)

| | Printing equipment business | | | | | Real estate business and others | Total |
|-----------------------|-----------------------------|--------------|--------|-------|--------|---------------------------------|--------|
| | Japan | The Americas | Europe | Asia | Total | | |
| Sales | 33,371 | 4,176 | 13,133 | 9,146 | 59,827 | 1,125 | 60,952 |
| Segment income (loss) | 3,524 | (556) | 889 | 75 | 3,933 | 337 | 4,270 |

Notes: 1. Real estate business and others includes real estate business and print creating business.

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The AmericasU.S. and Canada
- (2) EuropeGermany, United Kingdom and France
- (3) Asia.....China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

(Subsequent event)

(stock split)

The Company conducted a stock split based on a resolution at the Board of Directors meeting held on November 5, 2014. The details of the stock split are as set forth below.

1. Purpose of the Stock Split

The stock split will be carried out to increase liquidity of the Company's shares and expand its shareholder base.

2. Overview of the Stock Split

(1) Split method

Shares held by shareholders recorded in the final register of shareholders with December 31, 2014 as the record date will be split into two shares for each share.

(2) Increase in number of shares as a result of the split:

| | |
|---|--------------------|
| Number of issued shares prior to the split: | 23,703,166 shares |
| Increase in number of shares as a result of the split: | 23,703,166 shares |
| Number of issued shares after the split: | 47,406,332 shares |
| Number of shares authorized to be issued after the split: | 135,680,000 shares |

(3) Stock split effective date

January 1, 2015