

**Consolidated Financial Results**  
**for the Three Months of the Fiscal Year Ending March 31, 2011**  
**<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/>  
 Representative: Akira Hayama, President & CEO  
 Inquiries: Kihachiro Endo, Director  
 TEL: +81-3-5441-6611 (from overseas)

Scheduled date to file Quarterly Report: August 6, 2010  
 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 three months of the fiscal year ending March 31, 2011**  
**(from April 1, 2010 to June 30, 2010)**

**(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	%
Three months ended								
June 30, 2010	19,321	2.0	1,189	208.7	1,130	61.4	1,153	275.2
June 30, 2009	18,937	(14.1)	385	(58.5)	700	(52.0)	307	(65.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2010	44.88	–
June 30, 2009	11.96	–

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
June 30, 2010	84,382	57,575	68.2	2,240.64
March 31, 2010	88,434	58,275	65.9	2,267.89

Reference: Equity

As of June 30, 2010: 57,575 million yen

As of March 31, 2010: 58,275 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, 2010	–	0.00	–	30.00	30.00
Fiscal year ending March 31, 2011	–				
Fiscal year ending March 31, 2011 (Forecasts)		0.00	–	30.00	30.00

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

## 3. Forecasts for the fiscal year ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

(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
Six months ending September 30, 2010	37,300	(0.2)	1,150	–	900	–	950	–	36.97
Fiscal year ending March 31, 2011	78,000	(0.6)	2,200	31.8	1,900	(10.1)	1,850	–	72.00

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

**4. Others** (For details, please refer to “2. Other Information” on page 5 of [Attached Materials])

(1) Changes in significant subsidiaries during the current quarter: None

Note: Changes in specified subsidiaries resulting in the change in scope of consolidation during the current quarter

(2) Application of simplified accounting and special accounting: Yes

Note: Application of simplified accounting and special accounting for preparing the quarterly consolidated financial statements

(3) Changes in accounting policies, procedures, and methods of presentation

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: None

Note: Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements described in the section of “Summary of changes in accounting policies, procedures, and methods of presentation”

(4) Number of issued shares (common stock)

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

As of June 30, 2010	26,643,166 shares
As of March 31, 2010	26,643,166 shares

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

As of June 30, 2010	947,108 shares
As of March 31, 2010	947,078 shares

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

Three months ended June 30, 2010	25,696,060 shares
Three months ended June 30, 2009	25,696,167 shares

\* 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. Actual business may differ substantially from the forecasts due to various factors in the future.

## Attached Materials

### Index

1. Qualitative Information regarding Consolidated Results for the Three Months.....	2
(1) Qualitative information regarding consolidated operating results.....	2
(2) Qualitative information regarding consolidated financial position.....	3
(3) Qualitative information regarding forecasts .....	4
2. Other Information .....	5
(1) Summary of changes in significant subsidiaries .....	5
(2) Summary of simplified accounting and special accounting.....	5
(3) Summary of changes in accounting policies, procedures, and methods of presentation .....	5
3. Consolidated Financial Statements .....	6
(1) Consolidated quarterly balance sheets.....	6
(2) Consolidated quarterly statements of income .....	8
(3) Consolidated quarterly statements of cash flows.....	9
(4) Notes on premise of going concern .....	10
(5) Segment information .....	10
(6) Notes on significant changes in the amount of shareholders' equity .....	11

## 1. Qualitative Information regarding Consolidated Results for the Three Months

### (1) Qualitative information regarding consolidated operating results

The Riso Group (RISO) is striving to improve its profitability with a focus on achieving a sound growth by acquiring new customers in the printing equipment business as the essential objective.

Net sales for the current three-month consolidated accounting period amounted to 19,321 million yen (up 2.0% year on year) as a result of favorable sales in the inkjet business in Japan and overseas despite the impact of the a strong yen. Based on a trial calculation of net sales that deducts the effect from foreign exchange rates, the year-on-year increase is 4.9%. Due to an increase in gross profit resulting from a sales growth in the inkjet business as well as reduced selling, general and administrative expenses, operating income amounted to 1,189 million yen (up 208.7% year on year), ordinary income was 1,130 million yen (up 61.4%) and net income amounted to 1,153 million yen (up 275.2%).

Please note that the average exchange rate over the current three month was 92.01 yen (a 5.31 yen appreciation of the yen year on year) for the US dollar and 116.99 yen (a 15.58 yen appreciation of the yen year on year) for the euro.

Regarding the reporting by segments, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” are applied from the current three-month consolidated accounting period. Until now, The Company has been conducting reporting by business segment (the “printing equipment-related business,” the “real estate business and others”) and by geographical segment (“Japan,” “The Americas,” “Europe,” “Asia”) but going forward, reporting will be conducted using the segmentation of “printing equipment business” and “real estate business and others,” which are adopted for internal management. The “printing equipment business” is reported in four reportable segments according to geography, namely “Japan,” “The Americas,” “Europe,” and “Asia,” based on the Company’s sales framework. Please note that the print creating business which has been included in the “printing equipment-related business” will be grouped in the “real estate business and others.”

Results by segment are as follows:

#### a. Printing equipment business

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

In the inkjet business, RISO launched the ORPHIS X (overseas brand: ComColor) series high-speed color printers also in Europe in April of this year. Sales in the inkjet business were favorable both in Japan and overseas, increasing from the same period of the previous fiscal year’s results. The digital duplicating business saw overall sales decrease from the same period of the previous fiscal year despite a positive turnout in Asia, Africa and Russia. As a result of the above, net sales in the printing equipment business amounted to 18,911 million yen, with operating income at 1,030 million yen.

#### Japan

Sales in the digital duplicating business decreased while sales in the inkjet business rose favorably. Net sales stood at 11,128 million yen, with operating income at 944 million yen.

#### The Americas

Although sales in the inkjet business advanced, sales in the digital duplicating business decreased slightly from the same period of the previous fiscal year. Net sales stood at 1,881 million yen. In terms of profit, business restructuring efforts implemented at the end of the previous fiscal year resulted in a reduction in selling, general and administrative expenses, however, despite this, an operating loss of 401 million yen was recorded.

## Europe

Although the digital duplicating business had strong sales in some regions such as Africa and Russia, sales decreased in developed countries. In the inkjet business, sales rose favorably due to the marketing of the new ComColor series from April of this year. Net sales amounted to 3,501 million yen, while operating income stood at 91 million yen.

## Asia

Sales in the digital duplicating business increased. Net sales totaled 2,401 million yen as operating income came to 396 million yen.

### 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, and an insurance agency business.

Real estate business and others has performed generally as planned, and net sales was 409 million yen and operating income was 159 million yen.

Note: Because of the change in segments from the current three-month consolidated accounting period, no year-on-year comparisons of segment information are provided for monetary amounts.

## **(2) Qualitative information regarding consolidated financial position**

The financial position of RISO at the end of the current three-month consolidated accounting period compared to the end of the previous fiscal year is as follows.

Total assets fell 4,051 million yen to 84,382 million yen, while net assets declined 700 million yen to 57,575 million yen. As a result, the equity ratio moved up 2.3 points to 68.2%.

The main changes in the assets portion include an increase of 1,062 million yen in short-term investment securities, in contrast to decreases of 349 million yen in cash and deposits, 2,904 million yen in notes and accounts receivable-trade and 914 million yen in merchandise and finished goods. In the liabilities portion, notes and accounts payable-trade was down 500 million yen and short-term loans payable was down 1,453 million yen.

### (Cash flows)

Net cash provided by operating activities was 3,247 million yen (up 66.4% year on year). This is mainly attributable to income before income taxes and minority interests of 1,130 million yen, depreciation and amortization of 620 million yen, a decrease in notes and accounts receivable-trade of 2,358 million yen, a decrease in provision for bonuses of 559 million yen and a decrease in accounts payable-other of 679 million yen.

Net cash provided by investing activities was 698 million yen (compared to 795 million yen of net cash used in the same period of the previous fiscal year). The result mainly reflects 840 million yen in proceeds from withdrawal of time deposits and a 313 million yen expense for payments into time deposits.

Net cash used in financing activities was 2,013 million yen (up 65.5% year on year). The result mainly reflects a net decrease of 1,207 million yen in short-term loans payable and payments of 770 million yen for cash dividends.

### (3) Qualitative information regarding forecasts

The consolidated forecasts for the fiscal year ending March 31, 2011, which were released on May 7, 2010, are changed as follows.

- a. Changes to the forecast figures for the six months ending September 30, 2010  
(April 1, 2010 to September 30, 2010)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts	35,490	20	270	300	11.67 yen
Revised forecasts	37,300	1,150	900	950	36.97 yen
Difference	1,810	1,130	630	650	–
Percentage change	5.1	–	233.3	216.7	–
(Reference) Actual results of the six months ended September 30, 2009	37,377	(431)	(250)	(9,476)	(368.80) yen

- b. Changes to the full-year forecast figures for the fiscal year ending March 31, 2011  
(April 1, 2010 to March 31, 2011)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts	77,190	1,410	1,620	1,570	61.10 yen
Revised forecasts	78,000	2,200	1,900	1,850	72.00 yen
Difference	810	790	280	280	–
Percentage change	1.0	56.0	17.3	17.8	–
(Reference) Actual results of the fiscal year ended March 31, 2010	78,469	1,669	2,113	(5,937)	(231.06) yen

#### Reasons for changes

Sales in the printing equipment business for the first quarter were higher than planned both in Japan and overseas, while we also expect sales to be generally as planned in the second quarter. Net sales for the six month period are expected to exceed those of the previous forecasts. Also, because the rise in net sales is expected to push gross profit up beyond the planned figure, therefore leading to projections of operating income, ordinary income and net income for that period all above previous forecasts.

Meanwhile, despite expectations that net sales and profit in the third and fourth quarters will fall lower than planned due to effects from a depreciating euro, among other factors, full-year consolidated results were revised upwards because of the expectations of exceeding previous forecasts.

#### (Reference)

The full-year exchange rates at the beginning of the fiscal year were estimated at 89 yen and 122 yen against the US dollar and euro, respectively. Due to a revision in the estimated exchange rate against the euro for the second quarter and beyond, the full-year exchange rate for that currency was changed to 110 yen. There are no changes to the full-year exchange rate for the US dollar.

## **2. Other Information**

### **(1) Summary of changes in significant subsidiaries**

No items to report

### **(2) Summary of simplified accounting and special accounting**

Simplified accounting

Calculation of income taxes and deferred tax assets and liabilities

The calculation of the payment amount of income taxes is based on the method in which the addition and subtraction items and tax credit items are limited to important items only.

In determining the recoverability of deferred tax assets, in cases where it is deemed that material changes have occurred in the business environment or the like, or in temporary differences or other events since the end of the previous fiscal year, earnings forecasts and tax planning used in the previous fiscal year are used after adding the effect of such significant changes to the data.

### **(3) Summary of changes in accounting policies, procedures, and methods of presentation**

- a. Application of “Accounting Standard for Equity Method of Accounting for Investments” and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”

From the first quarter, “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16, March 10, 2008) and “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (PITF No. 24, March 10, 2008) are applied.

This change had no impact on ordinary income or income before income taxes and minority interests.

- b. Application of “Accounting Standard for Asset Retirement Obligations,” etc.

From the first quarter, “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, March 31, 2008) are applied.

This change had no impact on operating income, ordinary income or income before income taxes and minority interests.



### 3. Consolidated Financial Statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010 (Summary)
<b>Assets</b>		
Current assets		
Cash and deposits	13,306	13,656
Notes and accounts receivable-trade	11,317	14,221
Short-term investment securities	6,032	4,969
Merchandise and finished goods	10,676	11,591
Work in process	415	403
Raw materials and supplies	1,159	1,276
Deferred tax assets	1,583	1,548
Other	2,575	2,355
Allowance for doubtful accounts	(443)	(451)
Total current assets	46,622	49,571
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	17,906	17,924
Accumulated depreciation	(11,249)	(11,170)
Buildings and structures, net	6,657	6,754
Machinery, equipment and vehicles	7,626	7,746
Accumulated depreciation	(6,503)	(6,577)
Machinery, equipment and vehicles, net	1,122	1,169
Tools, furniture and fixtures	15,573	15,682
Accumulated depreciation	(14,543)	(14,512)
Tools, furniture and fixtures, net	1,030	1,169
Land	17,139	17,139
Lease assets	349	349
Accumulated depreciation	(190)	(178)
Lease assets, net	158	170
Construction in progress	81	92
Other	12,826	13,174
Accumulated depreciation	(8,889)	(9,200)
Other, net	3,937	3,973
Total property, plant and equipment	30,127	30,469
Intangible assets		
Software	1,660	1,749
Other	770	547
Total intangible assets	2,431	2,296
Investments and other assets		
Investment securities	1,471	1,767
Long-term loans receivable	128	149
Other	3,746	4,343
Allowance for doubtful accounts	(145)	(163)
Total investments and other assets	5,201	6,097
Total noncurrent assets	37,760	38,863
Total assets	84,382	88,434

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010 (Summary)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	12,554	13,055
Short-term loans payable	3,378	4,832
Current portion of long-term loans payable	4	5
Income taxes payable	292	316
Provision for bonuses	808	1,370
Provision for product warranties	137	135
Other	4,719	5,288
Total current liabilities	21,895	25,005
Noncurrent liabilities		
Long-term loans payable	58	68
Deferred tax liabilities	124	215
Provision for retirement benefits	3,546	3,524
Provision for loss on litigation	62	66
Other	1,119	1,278
Total noncurrent liabilities	4,911	5,153
Total liabilities	26,807	30,159
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	32,490	32,108
Treasury stock	(1,386)	(1,386)
Total shareholders' equity	59,999	59,616
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(11)	263
Foreign currency translation adjustment	(2,412)	(1,604)
Total valuation and translation adjustments	(2,423)	(1,340)
Total net assets	57,575	58,275
Total liabilities and net assets	84,382	88,434

**(2) Consolidated quarterly statements of income**

(Millions of yen)

	Three months ended June 30, 2009 (From April 1, 2009 to June 30, 2009)	Three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)
Net sales	18,937	19,321
Cost of sales	9,467	9,649
Gross profit	9,469	9,671
Selling, general and administrative expenses	9,084	8,482
Operating income	385	1,189
Non-operating income		
Interest income	47	44
Dividends income	22	27
Equity in earnings of affiliates	188	65
Foreign exchange gains	50	–
Other	66	124
Total non-operating income	375	262
Non-operating expenses		
Interest expenses	33	23
Foreign exchange losses	–	253
Loss on retirement of noncurrent assets	22	–
Other	5	45
Total non-operating expenses	61	321
Ordinary income	700	1,130
Income before income taxes and minority interests	700	1,130
Income taxes	392	(23)
Net income	307	1,153

### (3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Three months ended June 30, 2009 (From April 1, 2009 to June 30, 2009)	Three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	700	1,130
Depreciation and amortization	730	620
Equity in (earnings) losses of affiliates	(188)	(65)
Increase (decrease) in provision for retirement benefits	120	22
Increase (decrease) in provision for directors' retirement benefits	(70)	–
Increase (decrease) in allowance for doubtful accounts	16	20
Increase (decrease) in provision for bonuses	(791)	(559)
Interest and dividends income	(69)	(72)
Interest expenses	33	23
Foreign exchange losses (gains)	(87)	6
Decrease (increase) in notes and accounts receivable-trade	2,659	2,358
Decrease (increase) in inventories	(357)	421
Increase (decrease) in notes and accounts payable-trade	(413)	(47)
Increase (decrease) in accounts payable-other	(615)	(679)
Other, net	346	93
Subtotal	2,013	3,272
Interest and dividends income received	70	74
Interest expenses paid	(34)	(22)
Income taxes paid	(97)	(77)
Income taxes refund	–	1
Net cash provided by (used in) operating activities	1,951	3,247
Net cash provided by (used in) investing activities		
Payments into time deposits	(157)	(313)
Proceeds from withdrawal of time deposits	0	840
Purchase of property, plant and equipment	(534)	(138)
Proceeds from sales of property, plant and equipment	–	1
Purchase of intangible assets	(114)	(371)
Payments of loans receivable	(17)	–
Collection of loans receivable	19	17
Other, net	8	663
Net cash provided by (used in) investing activities	(795)	698
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(416)	(1,207)
Repayment of long-term loans payable	(2)	(11)
Cash dividends paid	(770)	(770)
Other, net	(27)	(23)
Net cash provided by (used in) financing activities	(1,216)	(2,013)
Effect of exchange rate change on cash and cash equivalents	74	(663)
Net increase (decrease) in cash and cash equivalents	14	1,268
Cash and cash equivalents at beginning of period	23,246	17,910
Cash and cash equivalents at end of period	23,261	19,179

#### (4) Notes on premise of going concern

No items to report

#### (5) Segment information

[Segment information by business]

Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
Sales					
(1) External customer sales	18,633	303	18,937	–	18,937
(2) Inter-segment sales	–	19	19	(19)	–
Total	18,633	323	18,956	(19)	18,937
Operating income	137	248	385	–	385

[Segment information by geographic area]

Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	Japan	The Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
Sales							
(1) External customer sales	11,612	1,916	3,610	1,797	18,937	–	18,937
(2) Inter-segment sales	3,764	0	75	1,304	5,144	(5,144)	–
Total	15,376	1,916	3,686	3,102	24,081	(5,144)	18,937
Operating income	19	4	9	98	131	253	385

[Overseas segment sales data]

Three months ended June 30, 2009 (from April 1, 2009 to June 30, 2009)

(Millions of yen)

	The Americas	Europe	Asia	Total
I. Overseas sales	1,916	3,633	2,178	7,728
II. Consolidated sales	–	–	–	18,937
III. Percentage of overseas sales in consolidated sales	10.1%	19.2%	11.5%	40.8%

[Segment information]

1. Reportable segments

Reportable segments of the Company are constituent units for which separate financial information is obtainable, and the Board of Directors periodically conducts examinations of these segments to determine the distribution of management resources and evaluate performance.

The Company's business is classified into the printing equipment business and real estate business and others, and domestic sales for the printing equipment business are effected by the Company's Sales Division and two regional subsidiaries. Overseas sales are effected by local entities in each country under the control of the Company's Overseas Sales Division in the Americas, Europe, Asia and other regions. Local entities in each country constitute independent business units and business activities are undertaken with respect to products handled with comprehensive strategies formulated in collaboration with the Company's Overseas Sales Division for each respective region.

Consequently, the Company's printing equipment business is made up of four reportable segments according to geography, namely "Japan," "The Americas," "Europe," and "Asia," based on the Company's sales framework.

2. Information on sales and income or loss for each reportable segment

Three months ended June 30, 2010 (from April 1, 2010 to June 30, 2010)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	11,128	1,881	3,501	2,401	18,911	409	19,321
Segment income (loss)	944	(401)	91	396	1,030	159	1,189

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

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

- (1) The Americas ..... U.S. and Canada
- (2) Europe..... Germany, 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.

(Additional information)

From the first quarter, "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009)" and "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information" (ASBJ Guidance No. 20, March 21, 2008) are applied.

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

No items to report