

(TRANSLATION FOR REFERENCE ONLY)

Consolidated Earnings Report for the 1st Quarter of Fiscal 2008 Ending March 31, 2008

August 2, 2007

Company Name: RISO KAGAKU CORPORATION
Listed Market: Tokyo Stock Exchange (First Section), JASDAQ
Stock Code: 6413 (URL: <http://www.riso.co.jp/>)
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(Figures in this report are rounded down to the nearest millions of yen.)

1. Consolidated Quarterly Results (From April 1, 2007 to June 30, 2007)

(1) Consolidated Operating Results

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Quarter of FY2008 (ended June 30, 2007)	22,077	3.4	1,115	-25.1	1,567	-2.9
1st Quarter of FY2007 (ended June 30, 2006)	21,350	7.3	1,488	53.4	1,614	59.8
FY2007 (ended March 31, 2007)	90,863	-	5,379	-	5,139	-

	Net Income		Net Income per Share	Diluted Net Income per Share
	Millions of yen	%	Yen	Yen
1st Quarter of FY2008 (ended June 30, 2007)	890	-7.8	33.64	31.98
1st Quarter of FY2007 (ended June 30, 2006)	965	47.8	36.35	34.17
FY2007 (ended March 31, 2007)	2,977	-	112.12	106.67

(Note)

- The percentages given in the above table indicate year-on-year changes for the corresponding period.

(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, 2007	120,181	71,848	59.6	2,707.72
As of June 30, 2006	116,144	68,922	59.2	2,588.71
As of March 31, 2007	121,049	71,354	58.8	2,689.85

(3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	Period-End Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1st Quarter of FY2008 (ended June 30, 2007)	2,721	- 711	- 1,616	33,319
1st Quarter of FY2007 (ended June 30, 2006)	2,108	- 12	- 846	33,927
FY2007 (ended March 31, 2007)	10,053	- 6,043	- 4,293	32,667

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2. Forecasts for FY2008 (From April 1, 2007 to March 31, 2008) (Reference)

(Millions of yen)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	43,650	2.5	2,400	5.3	2,150	-4.5	1,140	-11.8	43.07
Full Year	94,000	3.5	6,520	21.2	6,170	20.1	3,840	29.0	145.09

(Note)

- The percentages given in the above table indicate year-on-year changes for the corresponding period.

3. Others

- (1) Changes of significant subsidiaries during the period (changes of specified subsidiaries resulting in a change in the scope of consolidation): No
- (2) Simplified accounting methods applied : Yes
- (3) Changes in accounting methods from the most recent consolidated fiscal year : No

Note: Please refer to page 3 (4. Others of "Qualitative Information and Financial Statements, etc.") for further details.

* Explanatory statement concerning the appropriate use of business earnings forecasts and other special matters

The forecasts above were prepared based on information available as of the date of announcement of this report, and there is a possibility that actual results will differ materially from the forecast figures due to various factors in the future.

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[Qualitative Information and Financial Statements, and etc.]

1. Overview of Consolidated Operating Results

In the first quarter under review, with sense of uncertainty about the future including the rising of oil price, there were indications that the Japanese economy was staging a gradual economic upswing driven by improved corporate earnings.

In this economic circumstances, we have strived focusing on acquiring of new customers in the ink jet business (ORPHIS sales) and the digital duplicating business (RISOGRAPH sales) and we launched the third midterm plan (Riso Vision 10) for the first year, aiming to further improvement.

Consolidated sales for the first quarter amounted to ¥22,077 million (up 3.4% from the same term the previous year) with the favorable impact of foreign exchange rate fluctuation. The Company managed to expand sales in ORPHIS mainly in European and US markets. The RISOGRAPH sales remained robust in emerging markets, however, fell short of the results of the same term the previous year in advanced countries.

At the profit stage, gross profit rate declined by 2.2 percentage points, operating income came to ¥1,115 million (down 25.1%), recurring income amounted to ¥1,567 million (down 2.9%), and net income for the first quarter came to ¥890 million (down 7.8%).

2. Overview of Consolidated Financial Positions

The financial positions at the end of the first quarter under review in comparison with the end of the previous fiscal year are as follows.

Total assets decreased ¥868 million and came to ¥120,181 million. Total net assets increased ¥493 million, and came to ¥71,848 million. As a result, equity ratio increased 0.8 percentage points, and came to 59.6%.

Looking at major increases and decreases, in assets, cash and deposits, and notes and accounts receivable, declined by ¥919 million and ¥2,429 million, respectively. Marketable securities increased by ¥1,602 million and inventories by ¥609 million. In liabilities, notes and accounts payable was up by ¥739 million, and accrued bonus and accrued taxes were down by ¥860 million and ¥641 million, respectively.

Cash Flows

Net cash provided by operating activities totaled ¥2,721 million, chiefly reflecting income before income taxes of ¥1,567 million for the first quarter, depreciation of ¥659 million, a decrease in accounts receivable of ¥2,943 million, a decrease in accrued bonuses of ¥867 million, and income taxes paid of ¥1,309 million.

Net cash used in investing activities totaled ¥711 million, primarily because of payments for acquisition of tangible fixed assets of ¥514 million, payments for acquisition of intangible fixed assets of ¥123 million, and an increase in loans receivable of ¥119 million.

Net cash used in financing activities totaled ¥ 1,616 million, primarily owing to net decrease in short-term loans of ¥304 million, payments for redemption of corporate bonds of ¥251 million, and cash dividends paid of ¥1,058 million.

3. Overview of Consolidated Results Forecast

As for the fiscal 2008 consolidated results forecast, which was released on May 10, 2007, no change has been made to it.

4. Others

- (1) Changes of significant subsidiaries during the period (changes of specified subsidiaries resulting in a change in the scope of consolidation): No
- (2) Simplified accounting methods applied : Yes
 - The simplified tax effect accounting has been applied for tax expenses.
- (3) Changes in accounting methods from the most recent consolidated fiscal year : No

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4. Brief Quarterly Consolidated Financial Statements

[1] Brief Quarterly Consolidated Balance Sheet

Item	1st Quarter of FY2007 (As of June 30, 2006)	1st Quarter of FY2008 (As of June 30, 2007)	Year-on-Year Change		FY2007 (As of March 31, 2007)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Change (%)	Amount (Millions of yen)
(ASSETS)					
Current assets					
1. Cash and deposits	32,571	28,652	(3,919)	(12.0)	29,572
2. Notes and accounts receivable	13,794	15,141	1,347	9.8	17,570
3. Marketable securities	2,699	9,643	6,943	257.2	8,040
4. Inventories	15,119	14,523	(595)	(3.9)	13,914
5. Deferred tax assets (short-term)	2,559	2,844	285	11.2	2,782
6. Other	1,876	2,125	249	13.3	1,977
Allowance for doubtful receivables (short-term)	(249)	(263)	(13)	5.3	(238)
Total current assets	68,370	72,668	4,297	6.3	73,619
Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	8,232	7,954	(277)	(3.4)	8,022
(2) Machinery, equipment and vehicles	1,795	2,015	219	12.2	1,982
(3) Tools, furniture and fixtures	2,106	1,728	(377)	(17.9)	1,714
(4) Land	14,873	14,873	–	–	14,873
(5) Construction in progress	62	88	25	41.4	65
(6) Other	4,761	4,821	59	1.3	4,637
Total tangible fixed assets	31,831	31,481	(350)	(1.1)	31,296
2. Intangible fixed assets					
(1) Software	1,535	1,729	193	12.6	1,774
(2) Goodwill	343	302	(41)	(12.0)	296
(3) Other	401	381	(20)	(5.0)	388
Total intangible fixed assets	2,281	2,413	132	5.8	2,459
3. Investments and other securities					
(1) Investment in securities	8,056	7,077	(978)	(12.1)	7,266
(2) Long-term advances	271	324	52	19.5	209
(3) Deferred tax assets (long-term)	801	894	93	11.6	848
(4) Other	5,535	6,149	613	11.1	6,157
Allowance for doubtful receivables (long-term)	(1,003)	(826)	176	(17.6)	(807)
Total investments and other securities	13,661	13,618	(42)	(0.3)	13,674
Total fixed assets	47,773	47,513	(260)	(0.5)	47,430
Total assets	116,144	120,181	4,036	3.5	121,049

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Item	1st Quarter of FY2007 (As of June 30, 2006)	1st Quarter of FY2008 (As of June 30, 2007)	Year-on-Year Change		FY2007 (As of March 31, 2007)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Change (%)	Amount (Millions of yen)
(LIABILITIES)					
Current liabilities					
1. Notes and accounts payable	12,634	16,184	3,550	28.1	15,444
2. Short-term loans	6,142	5,776	(365)	(6.0)	5,805
3. Long-term bank borrowings due within one year	35	9	(26)	(74.3)	9
4. Accrued taxes	798	1,053	255	32.0	1,695
5. Accrued bonuses	864	819	(45)	(5.3)	1,680
6. Accrued directors' bonuses	-	8	8	-	50
7. Accrued warranty costs	86	106	19	22.6	103
8. Other	5,699	6,622	923	16.2	6,704
Total current liabilities	26,262	30,581	4,319	16.4	31,492
Long-term liabilities					
1. Convertible bonds	16,675	13,843	(2,832)	(17.0)	14,091
2. Long-term bank borrowings	109	103	(6)	(5.9)	104
3. Employees' retirement allowances	3,063	3,048	(14)	(0.5)	3,111
4. Directors' and auditors' retirement allowances	258	200	(57)	(22.3)	290
5. Equity-method debt	552	431	(121)	(22.0)	472
6. Other	301	125	(176)	(58.4)	133
Total long-term liabilities	20,960	17,751	(3,208)	(15.3)	18,202
Total liabilities	47,222	48,333	1,110	2.4	49,694
(NET ASSETS)					
Shareholders' equity					
Common stock	14,114	14,114	-	-	14,114
Capital surplus	14,779	14,779	0	0.0	14,779
Retained earnings	40,520	42,363	1,843	4.5	42,532
Treasury stock	(2,614)	(2,868)	(254)	9.7	(2,868)
Total shareholders' equity	66,800	68,389	1,589	2.4	68,557
Other comprehensive income					
Net unrealized holding gains or losses on securities	1,879	1,596	(283)	(15.1)	1,706
Foreign currency translation adjustments	90	1,674	1,584	1,752.7	923
Total other comprehensive income	1,970	3,271	1,301	66.0	2,630
Minority interests	151	187	35	23.5	166
Total net assets	68,922	71,848	2,925	4.2	71,354
Total liabilities and net assets	116,144	120,181	4,036	3.5	121,049

(TRANSLATION FOR REFERENCE ONLY)

[2] Brief Quarterly Consolidated Statements of Income

Item	1st Quarter of FY2007 (ended June 30, 2006)	1st Quarter of FY2008 (ended June 30, 2007)	Year-on-Year Change		FY2007 (ended March 31, 2007)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Change (%)	Amount (Millions of yen)
Net sales	21,350	22,077	726	3.4	90,863
Cost of sales	9,865	10,690	824	8.4	44,452
Gross profit	11,484	11,386	(98)	(0.9)	46,410
Selling, general and administrative expenses	9,996	10,271	274	2.7	41,031
Operating income	1,488	1,115	(373)	(25.1)	5,379
Other income					
1. Interest income	34	59	24	71.4	187
2. Dividend income	48	22	(25)	(52.5)	66
3. Equity method gains	95	148	52	55.1	81
4. Exchange profits	-	285	285	-	-
5. Other	144	123	(20)	(14.1)	400
Total other income	322	639	317	98.5	736
Other expenses					
1. Interest expenses	155	146	(8)	(5.7)	623
2. Exchange losses	13	-	(13)	(100.0)	133
3. Losses on disposal of fixed assets	22	21	(0)	(3.8)	117
4. Other	3	19	15	404.6	101
Total other expenses	195	187	(8)	(4.1)	975
Recurring income	1,614	1,567	(47)	(2.9)	5,139
Income before income taxes	1,614	1,567	(47)	(2.9)	5,139
Corporate income tax and other tax expenses	643	667	23	3.7	2,151
Minority interests in net income of consolidated subsidiaries	5	9	4	77.1	10
Net income	965	890	(75)	(7.8)	2,977

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[3] Brief Quarterly Consolidated Statements of Shareholders' Equity

1st Quarter of FY2007 (ended June 30, 2006)

(Millions of yen)

	Shareholders' equity					Other comprehensive income	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance at March 31, 2006	14,114	14,779	40,384	(2,614)	66,664	2,313	149	69,127
Changes during the period								
Cash dividends declared			(796)		(796)			(796)
Accrued directors' bonuses			(33)		(33)			(33)
Net income for 1Q			965		965			965
Net changes in items other than shareholders' equity						(343)	1	(341)
Total changes during the period	-	-	135	-	135	(343)	1	(205)
Balance at June 30, 2006	14,114	14,779	40,520	(2,614)	66,800	1,970	151	68,922

1st Quarter of FY2008 (ended June 30, 2007)

(Millions of yen)

	Shareholders' equity					Other comprehensive income	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance at March 31, 2007	14,114	14,779	42,532	(2,868)	68,557	2,630	166	71,354
Changes during the period								
Cash dividends declared			(1,058)		(1,058)			(1,058)
Net income for 1Q			890		890			890
Net changes in items other than shareholders' equity						641	20	661
Total changes during the period	-	-	(168)	-	(168)	641	20	493
Balance at June 30, 2007	14,114	14,779	42,363	(2,868)	68,389	3,271	187	71,848

(Reference) FY2007 (ended March 31, 2007)

(Millions of yen)

	Shareholders' equity					Other comprehensive income	Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity			
Balance at March 31, 2006	14,114	14,779	40,384	(2,614)	66,664	2,313	149	69,127
Changes during the period								
Cash dividends declared			(796)		(796)			(796)
Accrued directors' bonuses			(33)		(33)			(33)
Net income			2,977		2,977			2,977
Purchase of treasury stock				(254)	(254)			(254)
Disposal of treasury stock		0		0	0			0
Net changes in items other than shareholders' equity						316	16	333
Total changes during the period	-	0	2,147	(254)	1,893	316	16	2,226
Balance at March 31, 2007	14,114	14,779	42,532	(2,868)	68,557	2,630	166	71,354

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[4] Brief Quarterly Consolidated Statements of Cash Flows

Item	1st Quarter of FY2007 (ended June 30, 2006)	1st Quarter of FY2008 (ended June 30, 2007)	FY2007 (ended March 31, 2007)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities			
Income before income taxes	1,614	1,567	5,139
Depreciation	668	659	2,767
Amortization of goodwill	21	12	84
Equity method losses (gain)	(95)	(148)	(81)
Increase (decrease) in employees' retirement allowances	0	(62)	48
Increase (decrease) in directors' and auditors' retirement allowances	11	(89)	43
Increase (decrease) in accrued directors' bonus	-	(41)	50
Increase (decrease) in allowance for doubtful receivables	(39)	0	(279)
Increase (decrease) in accrued bonuses	(812)	(867)	-
Interest and dividends receivable	(82)	(81)	(254)
Interest payable	155	146	623
Exchange losses (gain)	(11)	50	183
Decrease (increase) in accounts receivable	3,078	2,943	77
Decrease (increase) in inventories	(194)	(53)	1,616
Increase (decrease) in accounts payable	(513)	331	1,926
Increase (decrease) in accrued expenses	(306)	(425)	623
Directors' bonuses paid	(33)	-	(33)
Other, net	151	168	65
Subtotal	3,611	4,109	12,601
Interest and dividends received	82	69	249
Interest paid	(165)	(148)	(633)
Income taxes paid	(1,419)	(1,309)	(2,165)
Net cash provided by operating activities	2,108	2,721	10,053
Cash flows from investing activities			
Increase in time deposits	(0)	(1)	(891)
Decrease in time deposits	4	0	12
Payments for purchase of marketable securities	-	-	(2,500)
Proceeds from sale of marketable securities	-	-	2,300
Payments for acquisition of tangible fixed assets	(526)	(514)	(1,442)
Payments for acquisition of intangible fixed assets	(150)	(123)	(940)
Payments for purchase of investment securities	(0)	-	(3,000)
Proceeds from sale of investment securities	600	-	600
Increase in loans receivable	(11)	(119)	(27)
Decrease in loans receivable	22	8	86
Other, net	49	38	(240)
Net cash used in investing activities	(12)	(711)	(6,043)
Cash flows from financing activities			
Net increase (decrease) in short-term loans	(32)	(304)	(559)
Proceeds from long-term bank borrowings	-	-	8
Repayments of long-term bank borrowings	(17)	(1)	(60)
Payments for redemption of corporate bonds	-	(251)	(2,631)
Payment for purchase of treasury stock	-	-	(254)
Cash dividends paid	(796)	(1,058)	(796)
Other, net	-	-	0
Net cash used in financing activities	(846)	(1,616)	(4,293)
Effect of exchange rate changes on cash and cash equivalents	(19)	259	252
Increase (decrease) in cash and cash equivalents	1,229	652	(30)
Cash and cash equivalents, beginning of term	32,697	32,667	32,697
Cash and cash equivalents, end of term	33,927	33,319	32,667

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[5] Segment Information

Segment Information by Business

- 1st Quarter of FY2007 (3 months ended June 30, 2006) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
Sales					
(1) External customer sales	21,072	277	21,350	-	21,350
(2) Inter-segment sales	-	19	19	(19)	-
[Total]	21,072	297	21,370	(19)	21,350
Operating costs and expenses	19,797	84	19,881	(19)	19,862
Operating income	1,275	213	1,488	-	1,488

- 1st Quarter of FY2008 (3 months ended June 30, 2007) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
Sales					
(1) External customer sales	21,798	278	22,077	-	22,077
(2) Inter-segment sales	-	18	18	(18)	-
[Total]	21,798	297	22,095	(18)	22,077
Operating costs and expenses	20,902	78	20,980	(18)	20,961
Operating income	896	218	1,115	-	1,115

(Reference) - FY2007 (year ended March 31, 2007) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
Sales					
(1) External customer sales	89,744	1,118	90,863	-	90,863
(2) Inter-segment sales	-	74	74	(74)	-
[Total]	89,744	1,193	90,938	(74)	90,863
Operating costs and expenses	85,221	337	85,559	(74)	85,484
Operating income	4,523	855	5,379	-	5,379

(TRANSLATION FOR REFERENCE ONLY)**Segment Information by Geographic Area**

- 1st Quarter of FY2007 (3 months ended June 30, 2006) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
Sales							
(1) External customer sales	11,829	2,975	4,700	1,845	21,350	-	21,350
(2) Inter-segment sales	4,628	1	132	1,899	6,661	(6,661)	-
[Total]	16,457	2,976	4,833	3,744	28,012	(6,661)	21,350
Operating costs and expenses	15,451	3,151	4,689	3,556	26,847	(6,985)	19,862
Operating income (losses)	1,006	(174)	143	188	1,164	324	1,488

- 1st Quarter of FY2008 (3 months ended June 30, 2007) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
Sales							
(1) External customer sales	11,814	2,885	5,198	2,177	22,077	-	22,077
(2) Inter-segment sales	5,517	1	137	2,242	7,899	(7,899)	-
[Total]	17,332	2,886	5,336	4,420	29,976	(7,899)	22,077
Operating costs and expenses	16,184	3,146	5,172	4,253	28,757	(7,796)	20,961
Operating income (losses)	1,147	(259)	163	167	1,219	(103)	1,115

(Reference) - FY2007 (year ended March 31, 2007) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
Sales							
(1) External customer sales	50,738	13,396	19,024	7,704	90,863	-	90,863
(2) Inter-segment sales	21,256	153	554	8,730	30,694	(30,694)	-
[Total]	71,994	13,549	19,578	16,435	121,557	(30,694)	90,863
Operating costs and expenses	67,715	13,943	19,129	15,817	116,605	(31,121)	85,484
Operating income (losses)	4,279	(394)	449	617	4,951	427	5,379

Overseas Segment Sales Data

- 1st Quarter of FY2007 (3 months ended June 30, 2006) -

(Millions of yen)

	Americas	Europe	Asia	Total
Overseas sales	2,975	4,765	2,323	10,063
Consolidated net sales	-	-	-	21,350
Ratio of overseas sales in consolidated net sales (%)	13.9	22.3	10.9	47.1

- 1st Quarter of FY2008 (3 months ended June 30, 2007) -

(Millions of yen)

	Americas	Europe	Asia	Total
Overseas sales	2,885	5,276	2,727	10,889
Consolidated net sales	-	-	-	22,077
Ratio of overseas sales in consolidated net sales (%)	13.1	23.9	12.3	49.3

(Reference) - FY2007 (year ended March 31, 2007) -

(Millions of yen)

	Americas	Europe	Asia	Total
Overseas sales	13,396	19,263	10,190	42,849
Consolidated net sales	-	-	-	90,863
Ratio of overseas sales in consolidated net sales (%)	14.8	21.2	11.2	47.2