

Fiscal 2007 3rd Quarterly Report of Consolidated Results

February 2, 2007

Company Name: RISO KAGAKU CORPORATION (URL: <http://www.riso.co.jp/>)
 Representative Director: Akira Hayama, President & CEO
 Inquiries: Nobuo Kawai, Senior Managing Director
 TEL (03) 5441-6611
 Listed Market: Tokyo Stock Exchange (First Section), JASDAQ
 Stock Code: 6413

1. Drafting Notes of Quarterly Financial Statements

- 1) Simplified Accounting Methods Applied : Yes
 - The simplified tax effect accounting has been applied for tax expenses.
- 2) Changes in Accounting Standards from the Previous Fiscal Year : No
- 3) Changes in Scope of Consolidation and Application of Equity Method : Yes
 - (New) 1 (RISO INDIA PRIVATE LIMITED)
 - (Excluded) 3 (RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION, RISO SHIZUOKA CORPORATION)

2. Consolidated Three-Quarterly Results (April 1, 2006 to December 31, 2006)

(1) Consolidated Operating Results (Millions of yen, rounded down)

	Net Sales		Operating Income		Recurring Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3rd Quarter of FY2007	64,637	[4.4]	3,236	[21.2]	3,218	[18.3]
3rd Quarter of FY2006	61,890	[2.9]	2,669	[-28.4]	2,719	[-23.0]
(Ref.) FY 2006	87,601		4,812		4,552	

	Net Income		Net Income Per Share		Diluted Net Income Per Share	
	Millions of yen	%	Yen		Yen	
3rd Quarter of FY2007	1,722	[25.7]	64	83	62	43
3rd Quarter of FY2006	1,370	[-32.5]	51	50	50	39
(Ref.) FY 2006	2,154		79	76	77	22

(Notes)

- The percentages given in the above table indicate year-on-year changes for the corresponding period.
- Effective November 18, 2005, each share of common stock was split into two shares. The net income per share and the net income per share after adjustment of potential common shares (diluted net income per share) for FY2006 and 3rd Quarter of FY2006 were calculated assuming that the stock split was conducted at the beginning of the term.

< Overview of Consolidated Operating Results >

The consolidated net sales during this period amounted to ¥64,637 million (up 4.4% from the same term the previous year), thanks to a favorable effect of foreign exchange. Sales of the RISOGRAPH series were about the same as the year-ago level in the domestic market, but growth in developed countries was sluggish, and with increased competition, sales fell below the year-ago level in China. In contrast, the ORPHIS series sold well in the domestic market and sales rose overseas, especially in the United States and Europe. Consequently, sales related to ORPHIS were ¥9,300 million (¥5,200 million in Japan and ¥4,100 million overseas). As a result of the favorable sales, operating income was ¥3,236 million (up 21.2%), recurring income reached ¥3,218 million (up 18.3%), and net income stood at ¥1,722 million (up 25.7%).

(2) Consolidated Financial Position (Millions of yen, rounded down)

	Total Assets	Shareholders' Equity	Equity Ratio	Net Asset Per Share
	Millions of yen	Millions of yen	%	Yen
December 31, 2006	119,461	70,325	58.7	2,641. 16
December 31, 2005	117,033	67,685	57.8	2,547. 89
(Ref.) March 31, 2006	118,446	68,978	58.2	2,595. 28

(3) Consolidated Cash Flows

(Millions of yen, rounded down)

	Operating Activities	Investing Activities	Financing Activities	Period-end Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
3rd Quarter of FY2007	6,539	- 2,255	- 2,943	34,284
3rd Quarter of FY2006	4,528	- 4,581	- 16	33,670
(Ref.) FY 2006	6,365	- 6,539	- 903	32,697

< Overview of Consolidated Financial Positions >

The financial positions at the end of the third quarter in comparison with the end of the previous fiscal year are as follows:

Total assets and net assets rose ¥1,014 million and ¥1,197 million respectively. The equity ratio was 58.7%.

The principal changes in assets were increases of ¥1,172 million in cash and deposits and ¥3,403 million in marketable securities, and decreases of ¥2,803 million in notes and accounts receivable and ¥1,351 million in investments in securities. Among liabilities, convertible bonds were down ¥2,000 million.

Cash Flows From Operating Activities

Net cash generated as a result of operating activities were ¥6,539 million. The amount is mainly attributable to income before income taxes of ¥3,218 million, depreciation of ¥2,049 million, a decrease in accounts receivable of ¥3,369 million, and income taxes paid of ¥2,163 million.

Cash Flows From Investing Activities

Net cash used as a result of investing activities were ¥2,255 million, primarily the result of revenue of ¥1,000 million from proceeds from sale of marketable securities, expenses of ¥1,000 million for payments for purchase of marketable securities, and expenses of ¥1,244 million and ¥703 million for payments for acquisition of tangible fixed assets and intangible fixed assets, respectively.

Cash Flows From Financing Activities

Net cash used as a result of financing activities were ¥2,943 million. The result reflects expenditure of ¥2,037 million on payments for redemption of corporate bonds and an outlay of ¥796 million for cash dividends.

(Ref.) Forecast for FY 2007 (April 1, 2006 to March 31, 2007)

(Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
	Millions of yen	Millions of yen	Millions of yen
Year-end Results	90,900	5,220	3,120

(Remarks) Projected net income per share at year-end: 117.45 yen

< Overview of Consolidated Result Forecast >

As for the fiscal 2007 consolidated result forecast, which was released on November 2, 2006, no change has been made to it.

[NOTES]

The above forecasts are based on beliefs and assumptions of management in light of information currently available to it at the time of announcement and are subject to a number of uncertainties that may affect future results. A number of factors could cause actual results to differ materially from forecasts.

[Attached Documents]

- Brief quarterly consolidated balance sheets
- Brief quarterly consolidated statements of income
- Quarterly consolidated surplus statements and Quarterly consolidated statements of shareholders' equity
- Quarterly consolidated statements of cash flows
- Segment information

1. Quarterly Consolidated Financial Statements

[1] Brief Quarterly Consolidated Balance Sheet

Item	3rd Quarter of FY 2007 (As of December 31, 2006)	3rd Quarter of FY 2006 (As of December 31, 2005)	Year-over-Year Change		FY2006 (As of March 31, 2006)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)
(ASSETS)					
Current assets					
1. Cash and deposits	31,906	33,010	(1,103)	(3.3)	30,734
2. Notes and accounts receivable	14,114	15,190	(1,076)	(7.1)	16,917
3. Marketable securities	6,715	1,007	5,707	566.4	3,311
4. Inventories	14,765	16,578	(1,813)	(10.9)	15,037
5. Deferred tax assets (short)	2,650	2,468	182	7.4	2,717
6. Others	1,904	1,816	87	4.8	1,421
7. Allowance for doubtful receivables (short)	(220)	(1,293)	1,072	(82.9)	(294)
Total current assets	71,835	68,779	3,055	4.4	69,846
Fixed assets					
1. Tangible fixed assets					
(1) Buildings and structures	8,076	8,422	(345)	(4.1)	8,333
(2) Machinery, equipment and vehicles	2,015	1,936	78	4.1	1,847
(3) Tools, furniture and fixtures	1,866	2,506	(640)	(25.5)	2,313
(4) Land	14,873	14,899	(25)	(0.2)	14,873
(5) Construction in progress	48	61	(13)	(21.9)	53
(6) Others	4,783	4,772	10	0.2	4,614
Total tangible fixed assets	31,662	32,597	(935)	(2.9)	32,037
2. Intangible fixed assets					
(1) Trade rights	-	373	(373)	(100.0)	363
(2) Software	1,724	1,318	406	30.8	1,403
(3) Consolidated adjustment account	-	10	(10)	(100.0)	6
(4) Goodwill	330	-	330	-	-
(5) Others	396	521	(124)	(24.0)	559
Total intangible fixed assets	2,451	2,224	227	10.2	2,332
3. Investments and other securities					
(1) Investment in securities	7,352	7,877	(525)	(6.7)	8,704
(2) Long-term advances	246	283	(36)	(12.9)	284
(3) Deferred tax assets (long)	848	885	(37)	(4.2)	616
(4) Others	5,989	4,458	1,531	34.3	5,656
(5) Allowance for doubtful receivables (long)	(924)	(72)	(852)	1,173.3	(1,030)
Total investments and other securities	13,512	13,432	80	0.6	14,229
Total fixed assets	47,626	48,254	(628)	(1.3)	48,599
Total assets	119,461	117,033	2,427	2.1	118,446

	3rd Quarter of FY 2007 (As of December 31, 2006)	3rd Quarter of FY 2006 (As of December 31, 2005)	Year-over-Year Change		FY2006 (As of March 31, 2006)
Item	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)
(LIABILITIES)					
Current liabilities					
1. Notes and accounts payable	13,514	14,012	(498)	(3.6)	13,150
2. Short-term loans	6,364	6,970	(605)	(8.7)	6,305
3. Long-term bank borrowings due within one year	9	67	(57)	(85.5)	51
4. Accrued taxes	912	651	260	39.9	1,774
5. Accrued bonuses	898	890	7	0.9	1,680
6. Accrued directors' bonuses	33	-	33	-	-
7. Accrued warranty costs	92	73	19	26.3	80
8. Others	8,446	5,458	2,987	54.7	5,406
Total current liabilities	30,271	28,124	2,146	7.6	28,449
Long-term liabilities					
1. Convertible bonds	14,675	16,915	(2,240)	(13.2)	16,675
2. Long-term bank borrowings	106	115	(8)	(7.6)	112
3. Employees' retirement allowances	3,095	3,046	49	1.6	3,062
4. Directors' retirement allowances	278	235	42	18.1	246
5. Equity-method liabilities	581	464	117	25.3	460
6. Others	126	298	(171)	(57.6)	312
Total long-term liabilities	18,863	21,075	(2,211)	(10.5)	20,869
Total liabilities	49,135	49,200	(64)	(0.1)	49,318
(MINORITY INTERESTS)					
Minority interests	-	147	-	-	149
(SHAREHOLDERS' EQUITY)					
Common stock	-	14,114	-	-	14,114
Capital reserve	-	14,779	-	-	14,779
Retained earnings	-	39,600	-	-	40,384
Net unrealized holding gains or losses on securities	-	1,810	-	-	2,205
Foreign currency translation adjustments	-	(3)	-	-	108
Treasury stock	-	(2,614)	-	-	(2,614)
Total shareholders' equity	-	67,685	-	-	68,978
Total liabilities, minority interests and shareholders' equity	-	117,033	-	-	118,446
(Net Asset)					
Shareholders' Equity					
Common stock	14,114	-	-	-	-
Capital reserve	14,779	-	-	-	-
Retained earnings	41,276	-	-	-	-
Treasury Stock	(2,614)	-	-	-	-
Total shareholders' equity	67,556	-	-	-	-
Other comprehensive income					
Net unrealized holding gains or losses on securities	1,755	-	-	-	-
Foreign currency translation adjustments	851	-	-	-	-
Total other comprehensive income	2,607	-	-	-	-
Minority interests	161	-	-	-	-
Total net assets	70,325	-	-	-	-
Total liabilities and net assets	119,461	-	-	-	-

[2] Brief Quarterly Consolidated Statements of Income

Item	3rd Quarter of FY 2007 (As of December 31, 2006)	3rd Quarter of FY 2006 (As of December 31, 2005)	Year-over-Year Change		FY2006 (As of March 31, 2006)
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Percentage (%)	Amount (Millions of yen)
Net sales	64,637	61,890	2,747	4.4	87,601
Cost of sales	31,147	29,242	1,905	6.5	42,351
Gross profit	33,489	32,647	841	2.6	45,249
Selling, general and administrative expenses	30,252	29,978	274	0.9	40,437
Operating income	3,236	2,669	567	21.2	4,812
Other income					
1. Interest income	122	71	51	72.3	106
2. Dividend income	66	70	(4)	(5.9)	70
3. Equity method gains	76	-	76	-	-
4. Gains on sales of investment securities	-	82	(82)	(100.0)	82
5. Exchange gains	1	162	(161)	(99.3)	183
6. Insurance reimbursement receivable	53	-	53	-	-
7. Others	253	313	(60)	(19.3)	353
Total other income	573	700	(127)	(18.2)	798
Other expenses					
1. Interest expenses	465	435	30	7.0	601
2. Equity method losses	-	69	(69)	(100.0)	222
3. Losses on disposal of fixed assets	75	62	12	20.8	135
4. Others	51	84	(32)	(38.8)	98
Total other expenses	592	650	(58)	(9.0)	1,058
Recurring income	3,218	2,719	498	18.3	4,552
Extraordinary loss					
Impairment losses	-	-	-	-	25
Income before income taxes	3,218	2,719	498	18.3	4,527
Corporate income tax and other tax expenses	1,490	1,342	147	11.0	2,364
Minority interest in net income of consolidated subsidiaries	5	6	(0)	(13.0)	7
Net income	1,722	1,370	351	25.7	2,154

[3] Quarterly Consolidated Surplus Statements and Quarterly consolidated statements of shareholders' equity
 Quarterly consolidated statements of shareholders' equity

	3rd Quarter of FY 2007 (As of December 31, 2006)				
	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance March 31, 2006	14,114	14,779	40,384	(2,614)	66,664
Changes during the period					
Cash dividends declared			(796)		(796)
Bonuses to directors			(33)		(33)
Net income for 3Q			1,722		1,722
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Changes in other than shareholders' equity during the period					
Total changes of the period	-	0	892	(0)	891
Balance December 31, 2006	14,114	14,779	41,276	(2,614)	67,556

	3rd Quarter of FY 2007 (As of December 31, 2006)				
	Other comprehensive income			Minority interests	Total net assets
	Net unrealized holding gains or losses on securities	Foreign currency translation adjustments	Total other comprehensive income		
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance March 31, 2006	2,205	108	2,313	149	69,127
Changes during the period					
Cash dividends declared					(796)
Bonuses to directors					(33)
Net income for 3Q					1,722
Purchase of treasury stock					(0)
Disposal of treasury stock					0
Changes in other than shareholders' equity during the period	(449)	742	293	12	305
Total changes of the period	(449)	742	293	12	1,197
Balance December 31, 2006	1,755	851	2,607	161	70,325

Quarterly Consolidated Surplus Statements

Item	3rd Quarter of FY 2005 (3 months ended December 31, 2005)		(Ref.) FY2005 (Year ended Mar. 31, 2005)	
	Amount (Millions of yen)		Amount (Millions of yen)	
(CAPITAL RESERVE)				
Capital reserve brought forward		14,779		14,779
Increases				
1. Gains on retirement of treasury stock	0		0	
2. Issuance of new stocks converted from convertible bond	-	0	0	0
Capital reserve carried forward		14,779		14,779
(RETAINED EARNINGS)				
Retained earnings brought forward		39,078		39,078
Increases				
1. Net income	1,370	1,370	2,154	2,154
Decreases				
1. Dividends	801		801	
2. Bonuses to directors	48	849	48	849
Retained earnings carried forward		39,600		40,384

[4] Quarterly Consolidated Statements of Cash Flows

	3rd Quarter of FY 2007 (As of December 31, 2006)	3rd Quarter of FY 2006 (As of December 31, 2005)	FY2006 (As of March 31, 2006)
Item	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Cash flows from operating activities			
Income before income taxes	3,218	2,719	4,527
Depreciation	2,049	2,403	3,318
Amortization of adjustments on consolidated accounts	-	15	19
Depreciation of goodwill	50	-	-
Increase (decrease) in employees' retirement allowances	33	76	92
Increase (decrease) in directors' retirement allowances	31	(43)	(32)
Increase (decrease) in accrued bonuses	(787)	(752)	-
Increase (decrease) in accrued directors' bonuses	33	-	-
Increase (decrease) in allowance for doubtful receivables	(186)	(206)	(252)
Interest and dividends receivable	(189)	(141)	(177)
Interest payable	465	435	601
Exchange losses (profits)	99	305	321
Equity method losses (profits)	(76)	69	222
Losses on sale of investment securities (profits)	-	(82)	(82)
Decrease (increase) in accounts receivable	3,369	3,937	1,359
Decrease (increase) in inventories	821	(3,095)	(1,519)
Increase (decrease) in accounts payable	(29)	2,174	1,229
Increase (decrease) in accrued expenses	(77)	(805)	(806)
Directors' bonuses paid	(33)	(48)	(48)
Others, net	207	(150)	183
Subtotal	9,001	6,809	8,956
Interest and dividends received	179	141	177
Interest paid	(476)	(421)	(586)
Income taxes paid	(2,163)	(2,001)	(2,181)
Net cash provided by operating activities	6,539	4,528	6,365
Cash flows from investing activities			
Increase in time deposits	(502)	(2)	(308)
Decrease in time deposits	11	0	400
Payments for purchase of marketable securities	(1,000)	-	(1,300)
Proceeds from sale of marketable securities	1,000	-	300
Payments for acquisition of tangible fixed assets	(1,244)	(1,943)	(2,188)
Payments for acquisition of intangible fixed assets	(703)	(632)	(957)
Payments for purchase of investment securities	(500)	(3,099)	(3,261)
Proceeds from sale of investment securities	600	994	994
Increase in loans receivable	(11)	(39)	(43)
Decrease in loans receivable	49	54	57
Others, net	45	85	(233)
Net cash used in investing activities	(2,255)	(4,581)	(6,539)
Cash flows from financing activities			
Net increase (decrease) in short-term loans	(61)	1,145	517
Proceeds from long-term bank borrowings	7	11	12
Repayments of long-term bank borrowings	(55)	(69)	(89)
Payments for redemption of corporate bonds	(2,037)	-	(239)
Payment for purchase of treasury stock	(0)	(302)	(302)
Cash dividends paid	(796)	(801)	(801)
Others, net	0	0	0
Net cash used in financing activities	(2,943)	(16)	(903)
Effect of exchange rate changes on cash and cash equivalents	245	213	248
Increase (decrease) in cash and cash equivalents	1,586	144	(828)
Cash and cash equivalents, beginning of term	32,697	33,526	33,526
Cash and cash equivalents, end of term	34,284	33,670	32,697

2. Segment Information

[1]Segment Information by Business

- 3rd Quarter of FY2007 (9 months ended December 31, 2006) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales and operating income					
(1) External customer sales	63,796	840	64,637	-	64,637
(2) Inter-segment sales	-	56	56	(56)	-
[Total]	63,796	897	64,694	(56)	64,637
Costs and expenses	61,203	253	61,457	(56)	61,400
Operating income	2,593	643	3,236	-	3,236

- 3rd Quarter of FY2006 (9 months ended December 31, 2005) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales and operating income					
(1) External customer sales	61,059	831	61,890	-	61,890
(2) Inter-segment sales	-	55	55	(55)	-
[Total]	61,059	886	61,946	(55)	61,890
Costs and expenses	59,037	238	59,276	(55)	59,221
Operating income	2,021	647	2,669	-	2,669

- (Ref.) FY2006 (12 months ended March 31, 2006) -

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment Elimination	Consolidated
Sales and operating income					
(1) External customer sales	86,494	1,106	87,601	-	87,601
(2) Inter-segment sales	-	74	74	(74)	-
[Total]	86,494	1,181	87,676	(74)	87,601
Costs and expenses	82,512	351	82,863	(74)	82,788
Operating income	3,982	829	4,812	-	4,812

[2]Segment Information by Geographic Area

- 3rd Quarter of FY2007 (9 months ended December 31, 2006) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales and operating income (loss)							
(1) External customer sales	35,815	9,862	13,405	5,554	64,637	-	64,637
(2) Inter-segment sales	15,509	2	410	6,034	21,957	(21,957)	-
[Total]	51,324	9,865	13,816	11,589	86,595	(21,957)	64,637
Costs and expenses	48,496	10,133	13,501	11,192	83,324	(21,923)	61,400
Operating income (losses)	2,827	(268)	314	396	3,270	(34)	3,236

- 3rd Quarter of FY2006 (9 months ended December 31, 2005) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales and operating income (loss)							
(1) External customer sales	34,095	9,296	12,542	5,956	61,890	-	61,890
(2) Inter-segment sales	16,432	1	349	7,023	23,807	(23,807)	-
[Total]	50,527	9,298	12,892	12,979	85,698	(23,807)	61,890
Costs and expenses	47,354	10,151	12,568	12,531	82,605	(23,384)	59,221
Operating income (losses)	3,173	(853)	323	448	3,092	(423)	2,669

- (Ref.) FY2006 (12 months ended March 31, 2006) -

(Millions of yen)

	Japan	Americas	Europe	Asia	Total	Inter-segment Elimination	Consolidated
Sales and operating income (loss)							
(1) External customer sales	48,913	13,040	17,670	7,977	87,601	-	87,601
(2) Inter-segment sales	22,747	2	491	9,566	32,808	(32,808)	-
[Total]	71,661	13,042	18,161	17,544	120,410	(32,808)	87,601
Costs and expenses	66,440	14,113	17,611	16,939	115,105	(32,316)	82,788
Operating income (losses)	5,220	(1,070)	549	605	5,304	(492)	4,812

[3]Overseas Segment Sales Data

- 3rd Quarter of FY2007 (9 months ended December 31, 2006) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	9,862	13,651	7,194	30,708
Consolidated net sales (Millions of yen)	-	-	-	64,637
Ratio of overseas sales in consolidated net sales (%)	15.3	21.1	11.1	47.5

- 3rd Quarter of FY2006 (9 months ended December 31, 2005) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	9,296	12,640	7,590	29,527
Consolidated net sales (Millions of yen)	-	-	-	61,890
Ratio of overseas sales in consolidated net sales (%)	15.0	20.4	12.3	47.7

- (Ref.) FY2006 (12 months ended March 31, 2006) -

	Americas	Europe	Asia	Total
Overseas sales (Millions of yen)	13,040	17,802	10,327	41,170
Consolidated net sales (Millions of yen)	-	-	-	87,601
Ratio of overseas sales in consolidated net sales (%)	14.9	20.3	11.8	47.0