
**BRIEFING ON BUSINESS
RESULTS
- 1st Half of FY 2007 -**

**RISO KAGAKU CORPORATION
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Summary of Business Results - 1st Half of FY2007 - (1)

Sales and profits increased

- Net Sales
 - Up 2,560 million yen over the same period last year
 - Inkjet business (ORPHIS)
 - Sales of high priced products surpassed the forecast made at the start of the fiscal year
 - Led by strong sales at home and in Europe, sales rose considerably over the same period last year
 - Digital duplicating business (RISOGRAPH)
 - Sales fell slightly from the same period last year
 - Foreign exchange impact
 - Contributed to 1,200million yen increase in net sales
- Operating Income
 - Rose 670 million yen over the same period last year

Summary of Business Results - 1st Half of FY2007 - (2)

<Consolidated Base>

(Millions of yen)

		1st Half of FY2006	1st Half of FY2007	Difference: Year-on-year Base	
				Amount	Rate of Change
Net Sales		40,040	42,601	2,560	6.4%
Gross Profit		21,141	21,966	824	3.9%
Operating	Income	1,606	2,280	673	41.9%
Recurring	Income	1,556	2,250	694	44.6%
Net Income		792	1,292	500	63.1%
Exchange Rate (Average of the period)	Yen/US\$	109.48	115.38		
	Yen/EURO	135.65	145.97		

Performance Overview - 1st Half of FY2007 - (1)

Sales by Business Segment

- Sales of ORPHIS reached 5,900 million yen (3,500 million yen in Japan, 2,400 million yen overseas)

(Millions of yen)

	Printing equipment-related business	Real estate business and others	Total
1st Half of FY 2007	42,042	558	42,601
Difference	2,556	4	2,560
Rate of Change	6.5%	0.8%	6.4%
1st Half of FY 2006	39,486	554	40,040

Performance Overview - 1st Half of FY2007 - (2)

Sales by Region -Actual Value Comparison-

(Millions of yen)

	Americas	Europe	Asia	Japan	Total
1st Half of FY 2007	6,720	8,586	4,830	22,464	42,601
Difference	596	630	-135	1,469	2,560
Rate of Change	9.7%	7.9%	-2.7%	7.0%	6.4%
1st Half of FY 2006	6,123	7,955	4,966	20,994	40,040

Performance Overview - 1st Half of FY2007 - (3)

Sales by Region

– Calculated with the exchange rate of the previous year –

(Millions of yen)

	Americas	Europe	Asia	Japan	Total
1st Half of FY 2007	6,376	8,050	4,512	22,464	41,403
Difference	253	95	-454	1,470	1,363
Rate of Change	4.1%	1.2%	-9.1%	7.0%	3.4%
1st Half of FY 2006	6,123	7,955	4,966	20,994	40,040

Exchange Rate (Average of the period)	U.S.\$1.00	EURO1.00
1st Half of FY 2007	115.38yen	145.97 yen
1st Half of FY 2006	109.48yen	135.65 yen

Performance Overview - 1st Half of FY2007 - (4)

Operating Income by Geographic Area

(Millions of yen)

	Americas	Europe	Asia	Japan	Inter-segment Elimination	Total
1st Half of FY 2007	-137	176	388	1,576	276	2,280
Difference	381	47	36	-263	471	673
Rate of Change	-	36.6%	10.3%	-14.3%	-	41.9%
1st Half of FY 2006	-519	129	352	1,840	-195	1,606

Note: Operating income from the sales to Asian dealers was included in Japan.

Activity Overview - 1st Half of FY2007 - (1)

Medium-term Management Plan “Riso Vision 07”

The three-year management plan, started in the fiscal year ended March 2005 and finishing in the fiscal year ending March 2007

【Management Objectives】

Establish a foundation for growth through a new business (Inkjet) while expanding profit in core business (Digital Duplicating)

【Basic Policies】

1. Accelerating new product development and strengthening development system
2. Making challenges for further expansion of digital duplicating business
3. Establishing a new inkjet printing business
4. Building the production and distribution system enabling low operation cost and inventory level
5. Fostering human resources capable of leading our future growth
6. Operating business in compliance with the law and consideration of the environment

Activity Overview - 1st Half of FY2007 - (2)

Main focuses for FY 2007

We are set to drastically reform every aspect of corporate management in order to transform the business structure.

- Increasing market share and improving profitability in the digital duplicating business
- Accelerating sales of the ORPHIS (RISO) HC series
- Reorganizing operations of the U.S. subsidiary
- Accelerating new product developments and advancement of new business projects

Activity Overview - 1st Half of FY2007 - (3) 【Digital Duplicating business】

- Focuses of Digital Duplicating business
 - Increasing market share and improving profitability in the digital duplicating business
 - Sales expansion of one-pass two-color printer, RISOGRAPH MZ series
- Release of New Products
 - RISOGRAPH MZ970
 - High resolution one-pass two-color printer
 - Released in Japan in April, 2006
- Results of Activities
 - Domestic
 - Printer sales exceeded last year's performance.
 - Consumable sales kept last year's rate.
 - Sales of MZ series rose.
 - Overseas
 - Slow printer sales (severe competition in Chinese market, sales at U.K. subsidiary sluggish).
 - Consumables sales expanded in developing countries while stagnant in industrialized countries.



RISOGRAPH MZ970

Activity Overview - 1st Half of FY2007 - (4) 【Inkjet business】

- Focuses of Inkjet business
 - Realizing acceleration of ORPHIS sales.
 - Acceleration of ORPHIS printer sales.
 - Expansion of market by launching count charge system (Domestic).
- Launch of new products
 - Sales of ORPHIS count charge system has started in Japan in May, 2006.
- Results of Activities
 - Domestic
 - Sales of high priced products exceeded forecast, and sales target achieved.
 - Ink sales strong.
 - Overseas
 - Both Americas and Europe achieved the target.
 - French subsidiary activities remained robust.



ORPHIS HC5500A/HC Offset Stacker/RISO Scanner HS2000

Activity Overview - 1st Half of FY2007 - (5)

- Reorganizing the operations of the U.S. subsidiary
 - Strengthening the management of the U.S. subsidiary
 - Change of CEO (announced on October 4, 2006)
 - Overall review of personnel costs and general expenses.

- Other special events
 - Resolution on a dividend increase
 - A resolution on a dividend increase by 5 yen was adopted. The final dividends for the year ending March 31, 2007 will be 40 yen per share with the adopted commemorative dividends of 5 yen per share celebrating the 60th year in business (announced on August 2, 2006).

Forecast for FY 2007 (1)

<Consolidated Base>

(Millions of Yen)

	FY2006 Actual	FY2007 Forecast	Difference: Year-on-year Base	
			Amount	Rate of Change
Net Sales	87,601	90,900	3,298	3.8%
Operating Income	4,812	5,420	607	12.6%
Recurring Income	4,552	5,220	667	14.7%
Net Income	2,154	3,120	965	44.8%
Consolidated ROE	3.2%	4.4%		
Operating Income Margin	5.5%	6.0%		
Exchange Rates (Average of the period)	Yen/US\$	113.31	115.00	
	Yen/EURO	137.86	146.00	

Forecast for FY 2007 (2) – Precondition –

■ Assumed Exchange Rate

1 Dollar: 115.00 Yen

1 Euro : 146.00 Yen

■ Financial Effects in Exchange Rate Fluctuation

(When the value of the yen shifts 1 yen in the full term)

	Net Sales	Operating Income
Yen/US\$	180 million yen	60 million yen
Yen/EURO	100 million yen	50 million yen