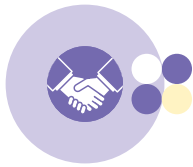




Interim Report 2014

1st half of fiscal 2014



To Our Shareholders



I am pleased to have this opportunity to present our shareholders with the RISO Interim Report 2014.

The RISO Group has formulated the Fifth Medium-term Management Plan “RISO Vision 16” running through the end of the fiscal year ending March 2016. During the initial year in fiscal 2014, we are placing an emphasis on promoting initiatives to “expand sales channels and gain new customers worldwide,” which is our management policy under the medium-term management plan.

During the first half of fiscal 2014, steady sales growth was achieved in our inkjet business, centering on developed countries, and contributed to higher sales. As a result, net sales rose 10.7% year on year mainly due to the effect of a weaker yen on foreign exchange rates. Meanwhile, operating income decreased 3.8% year on year as a result of an increase in selling, general and administrative expenses.

Together with the completion of the Riso Research and Design Center in May 2013, RISO aims to further enhance development efficiency by integrating its development facilities and carry out development so as to promptly launch our unique products to the market.

RISO will continuously strive to offer our own unique products and services to customers. I would like to ask our shareholders for their continued support.

December 2013

Akira Hayama
President & CEO



Fifth Medium-term Management Plan "RISO Vision 16"

(April 1, 2013 – March 31, 2016)

Management Policy

Energize corporate activities through individual ideas and action to expand sales channels and gain new customers worldwide

Numerical Targets

Consolidated net sales: ¥86 billion

Consolidated operating income: ¥7 billion

ROE: 7%

Priority Actions

1. Expand RISO business by strengthening overseas sales planning/promotions
2. Increase new inkjet hardware installations by expanding and reinforcing sales channels
3. Maintain revenue in the digital duplicating business by focusing customer management
4. Establish a new production structure and prepare for a changing environment
5. Take on the challenge to create new businesses
6. Involvement of all employees to challenge beyond individual potential to be more involved in RISO business

Management Policies for the Fiscal Year Ending March 31, 2014

(April 1, 2013 - March 31, 2014)

1. Promote gaining of new markets and new customers throughout the whole RISO Group
2. Strengthen the overseas sales management and sales planning functions to expand overseas business
3. Utilize newly established Riso Research and Design Center efficiently and accelerate development
4. Establish production facilities towards optimization of global plant network



Review of Operations

Note: Amounts less than the unit expressed are omitted.

Business Environment and Performance

Net sales increased significantly as a result of achieving steady growth in the inkjet business and the impact of a weaker yen. A decline was recorded in operating income.

The RISO Group 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 six months, during the second quarter net sales continuously increased from the first three months both domestically and overseas. Meanwhile, operating income declined due to an increase in selling, general and administrative expenses resulting from the effect of exchange rates as well other factors such as an increase in expenses associated with the establishment and relocation of development bases and an increase in labor costs. Consequently, net sales were ¥39,057 million (up 10.7% year on year) and operating income was ¥2,119 million (down 3.8% year on year). Ordinary income was ¥2,355 million (up 7.5% year on year) as a result of recording foreign exchange gains and other income. Net income amounted to ¥1,542 million (down 6.2% year on year).

The average exchange rates during the current consolidated six months period were ¥98.85 (a ¥19.44 depreciation of the yen year on year) to the U.S. dollar and ¥130.00 (a ¥29.36 depreciation of the yen year on year) to the euro.

Business Outlook for Fiscal 2014

Aiming to increase sales and profits by expanding overseas business and cultivating new markets

In the printing equipment business, RISO forecasts steady growth in net sales for the full term owing to the expansion of our inkjet business. Overseas, we will focus on acquiring new customers worldwide through new product marketing of inkjet printers. We aim to increase sales and profits through developing new markets by proposing new applications for a range of options featuring enhanced expandability.

With regard to the forecast for the full fiscal year, RISO forecasts net sales of ¥82,000 million, up 8.7% year on year, and operating income of ¥5,700 million, an increase of 16.1% compared with the previous fiscal year. Additionally, we forecast ordinary income of ¥5,950 million, an increase of 7.9% year on year, and net income of ¥3,850 million, a decrease of 20.2% year on year.

The above forecasts are based on exchange rate assumptions of ¥97 to the U.S. dollar and ¥128 to the euro.

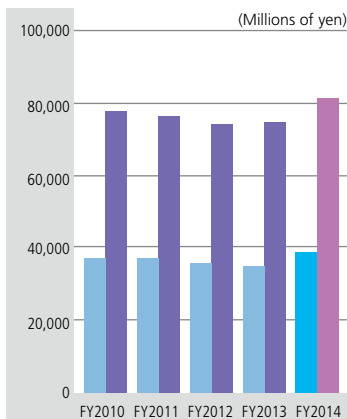


Financial Highlights (Consolidated basis)

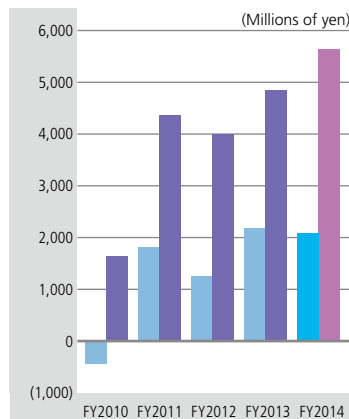
(Millions of yen)

	FY2010		FY2011		FY2012		FY2013		FY2014	
	1st half of FY2010		1st half of FY2011		1st half of FY2012		1st half of FY2013		1st half of FY2014	(Forecast)
Net sales	37,377	78,469	37,455	76,897	35,944	74,847	35,268	75,455	39,057	82,000
Operating income (loss)	(431)	1,669	1,848	4,406	1,276	4,050	2,203	4,910	2,119	5,700
Ordinary income (loss)	(250)	2,113	1,956	4,939	1,095	4,309	2,191	5,512	2,355	5,950
Net income (loss)	(9,476)	(5,937)	1,812	6,288	1,010	2,886	1,644	4,827	1,542	3,850
Net income (loss) per share (Yen)	(368.80)	(231.06)	70.83	247.45	40.39	117.40	69.66	205.80	69.11	176.27

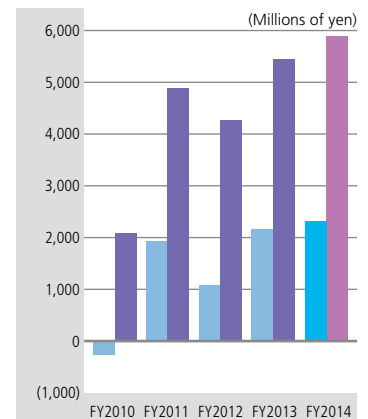
Net sales



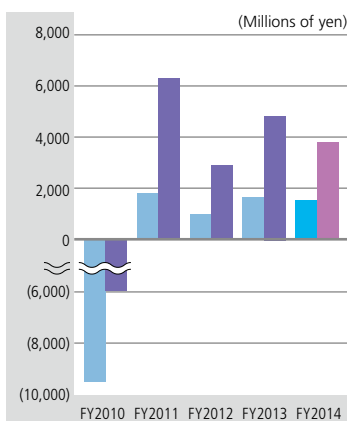
Operating income (loss)



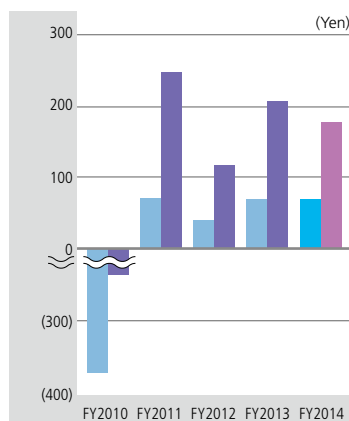
Ordinary income (loss)



Net income (loss)



Net income (loss) per share



■ Interim
■ Annual
■ Annual (Forecast)



Consolidated Financial Statements

Notes: Amounts less than the unit expressed are omitted. These financial statements show major items only.

Balance Sheets

ASSETS

(Millions of yen)

Item	FY2013 (As of Mar. 31, 2013)	1st half of FY2014 (As of Sept. 30, 2013)
Current assets	¥53,429	¥43,716
Cash and deposits	13,901	10,901
Notes and accounts receivable—trade	14,936	11,900
Short-term investment securities	8,987	4,205
Inventories	12,211	13,063
Other	3,683	3,966
Allowance for doubtful accounts	(291)	(320)
Noncurrent assets	42,022	44,116
Total property, plant and equipment	30,323	32,654
Buildings and structures, net	5,624	9,563
Machinery, equipment and vehicles, net	1,024	1,019
Land	17,129	17,123
Other	6,544	4,947
Intangible assets	5,636	5,109
Goodwill	1,344	1,011
Software	2,404	2,261
Other	1,887	1,836
Investments and other assets	6,062	6,352
Investment securities	1,824	1,999
Other	4,296	4,411
Allowance for doubtful accounts	(58)	(58)
Total assets	¥95,452	¥87,832

Note: Total amount of depreciation of tangible fixed assets for the 1st half of fiscal 2014 was ¥39,780 million.

POINT 1 Cash and deposits

Cash and deposits declined due to the acquisition of treasury stock and payment of dividends.

POINT 2 Buildings and structures, net

The Riso Research and Design Center was recorded, in which construction was completed at the end of May 2013.

LIABILITIES

(Millions of yen)

Item	FY2013 (As of Mar. 31, 2013)	1st half of FY2014 (As of Sept. 30, 2013)
Current liabilities	¥24,969	¥20,472
Notes and accounts payable—trade	11,149	9,460
Short-term loans payable	2,839	2,817
Current portion of long-term loans payable	2	2
Other	10,979	8,191
Noncurrent liabilities	4,448	4,390
Long-term loans payable	35	34
Provision for retirement benefits	3,807	3,792
Other	605	563
Total liabilities	¥29,418	¥24,863

NET ASSETS

(Millions of yen)

Item	FY2013 (As of Mar. 31, 2013)	1st half of FY2014 (As of Sept. 30, 2013)
Shareholders' equity	¥67,118	¥63,389
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	39,159	39,431
Treasury stock	(935)	(4,935)
Total accumulated other comprehensive income	(1,085)	(420)
Valuation difference on available-for-sale securities	249	393
Foreign currency translation adjustment	(1,334)	(814)
Total net assets	¥66,033	¥62,969
Total liabilities and net assets	¥95,452	¥87,832

POINT ③ Treasury stock

A total of 1,745,000 shares of treasury stock amounting to ¥3,999 million were acquired during the first six months of fiscal 2014.



Statements of Income

(Millions of yen)

Item	1st half of FY2013 (6 months ended Sept. 30, 2012)	1st half of FY2014 (6 months ended Sept. 30, 2013)
Net sales	¥35,268	¥39,057
Printing equipment business	34,513	38,310
Japan	22,491	22,807
Americas	2,263	2,877
Europe	5,432	7,365
Asia	4,325	5,260
Real estate business and others	754	746
Cost of sales	15,209	17,077
Gross profit	20,058	21,979
Selling, general and administrative expenses	17,855	19,860
Operating income	2,203	2,119
Non-operating income	303	385
Non-operating expenses	315	149
Ordinary income	2,191	2,355
Extraordinary income	21	44
Income before income taxes and minority interests	2,213	2,399
Income taxes	569	857
Net income	¥ 1,644	¥ 1,542

Point 4 Net sales

Net sales increased ¥3,788 million versus the same period of the previous fiscal year. Of this amount, the effect of foreign exchange rates amounted to approximately ¥3,000 million.

Point 5 Selling, general and administrative expenses

Selling, general and administrative expenses increased due to the effect of foreign exchange rates as well as an increase in expenses for the establishment and relocation of development bases.

Statements of Cash Flows

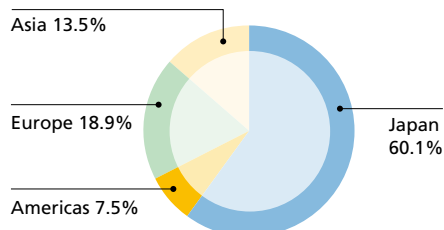
(Millions of yen)

Item	1st half of FY2013 (6 months ended Sept. 30, 2012)	1st half of FY2014 (6 months ended Sept. 30, 2013)
Net cash provided by (used in) operating activities	¥ 3,560	¥ 742
Net cash provided by (used in) investment activities	(2,248)	(2,824)
Net cash provided by (used in) financing activities	(1,647)	(5,450)
Effect of exchange rate change on cash and cash equivalents	(371)	295
Net increase (decrease) in cash and cash equivalents	(705)	(7,236)
Cash and cash equivalents at beginning of period	20,976	21,612
Cash and cash equivalents at end of period	¥20,271	¥14,376

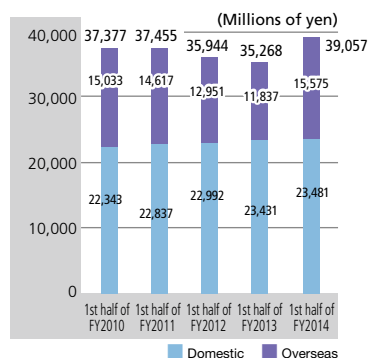
Point 6 Net cash provided by (used in) financing activities

Net cash used in financing activities increased due to the acquisition of treasury stock.

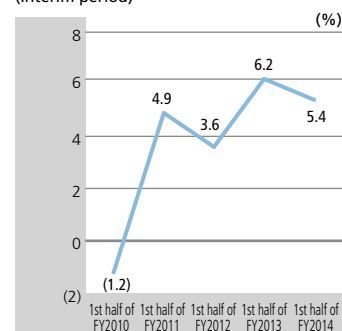
Sales by region (1st half of FY2014)



Net sales (Interim period)



Operating income (loss) margin (Interim period)





High-speed Performance of ORPHIS

ORPHIS inkjet high-speed color printers' proprietary paper-feeding technology, which realizes the world's fastest print speed of 150 sheets per minute*, and in-line inkjet print heads technology are introduced herein.



Realizing the world's fastest print speed through accurate paper feeds

ORPHIS printers are equipped with more than 100 sensors of various kinds to detect the status such as the rotation speed of the roller and misfeeding. A precise paper-feeding mechanism using respective sensors enables handling of a broad range of various types of paper from lightweight paper to thick paper and envelopes. This also paves the way for high-speed printing with minimal print offset. Paper-feeding speed is intelligently controlled according to how much ink sprays from the print head. Also, multiple sensors help to keep paper jams and other problems to a minimum even for high-speed printing of 150 sheets per minute.

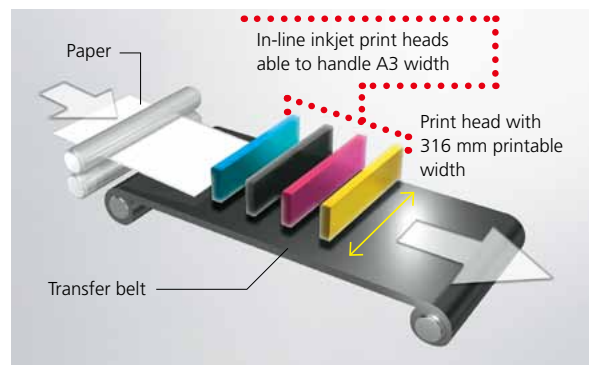


High-speed paper feeding realizes a print speed of 150 sheets per minute.

In-line inkjet print heads for handling A3/ledger size paper

Inkjet printers usually produce printed materials by spraying ink on paper through a part called the print head.

An inkjet printer generally performs print jobs by making the print heads move from side to side together with the movement of the paper. Since ORPHIS is equipped with four wide in-line inkjet print heads that are arranged in parallel, it is much faster than inkjet printers that make print heads move back and forth many times. In-line inkjet print heads are capable of printing short-edge A3 width paper at a single pass. This is another secret of realizing the world's fastest print speed.



* A4 short-edge feed, simplex, standard continuous printing mode, using EX face down stacking tray. Print speed will vary depending on stacking tray and stacking function.



Completion of Riso Research and Design Center

In May 2013, RISO completed construction of the Riso Research and Design Center in Tsukuba city, Ibaraki Prefecture, as the new development base.

This center, which integrated bases that were previously spread out over four locations, was established with the objectives of providing a development environment aimed at nurturing developers to think and express ideas freely and enhancing development efficiency by encouraging communication. With this initiative, we established a development system in which RISO's strengths can be fully maximized and realize consistent in-house development of printing equipment hardware, consumables and software. RISO will strive to strengthen its development in order to provide unique products and solutions for customers worldwide.



Overview of Riso Research and Design Center

Business name: Riso Research and Design Center
Address : Karima 523 (Gakuen Minami D29-1), Tsukuba, Ibaraki Prefecture
Scale: Main building (seven floors) and attached annex
Site area: 17,520 m²
Floor space: 14,970 m²

New Release of RISO A2 Digital Duplicator

RISO has released the industry's first digital duplicator RISO A2 that can handle A2 size for the overseas printing business. Sales commenced consecutively in respective countries beginning with Russia in November 2013. Making full use of the A2 size printing area, the RISO A2 can also be used for various applications such as newspapers, leaflets and drawings. Additionally, using the imposition printing function allows printing of four A4 size sheets at once, thereby realizing highly productive print jobs.

Together with a maximum print speed of 100 sheets per minute, this machine is capable of speedy high-volume printing at a lower running cost and realizes easy print jobs for everyone.

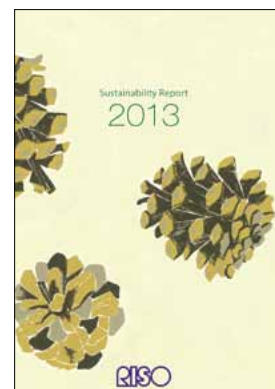


RISO A2

Sustainability Report 2013 Published

RISO published its *Sustainability Report 2013* in Japanese in August 2013.

This year's report featured the reduction of the environmental burden and greater convenience of our new product, the ORPHIS EX series. Additionally, we have further increased the information of our overseas Group subsidiaries. Our environmental initiatives are also introduced according to the flow of corporate activities, including development, production, logistics, sales and recycling, so that people who are also getting to know about RISO for the first time can gain an understanding through an overview of RISO's activities.



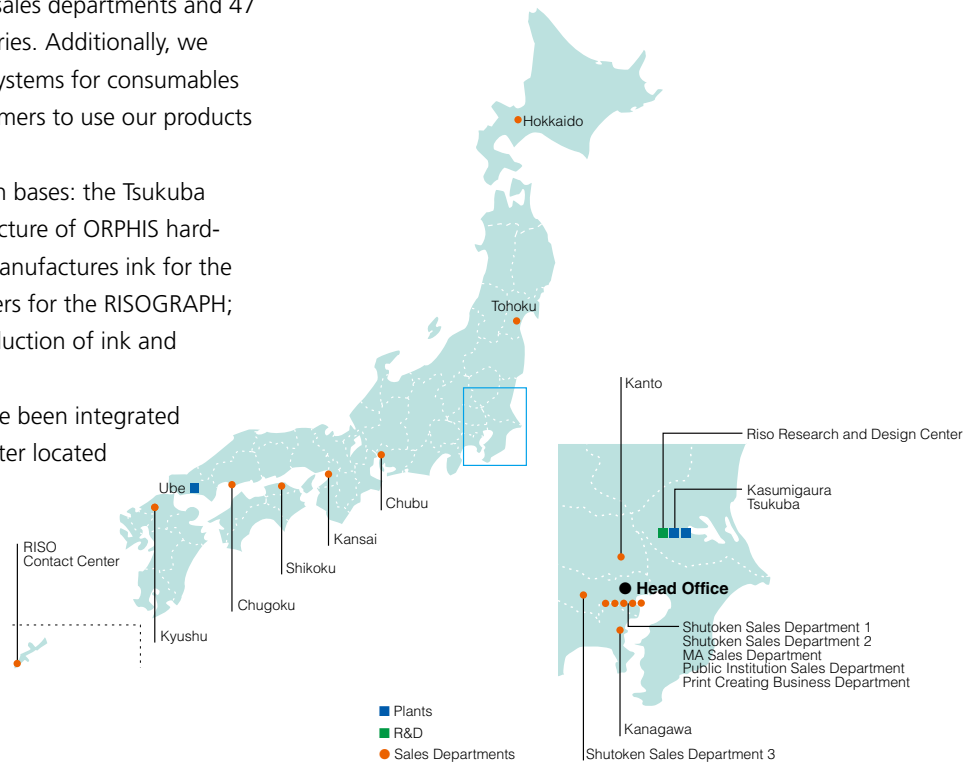
Sustainability Report 2013

Facilities in Japan

RISO's sales network encompasses 14 sales departments and 47 sales branches as well as sales subsidiaries. Additionally, we provide technical support and supply systems for consumables throughout the nation to enable customers to use our products with assurance.

We have three domestic production bases: the Tsukuba Plant, which is engaged in the manufacture of ORPHIS hardware; the Kasumigaura Plant, which manufactures ink for the ORPHIS and a portion of ink and masters for the RISOGRAPH; and the Ube Plant, which handles production of ink and masters for the RISOGRAPH.

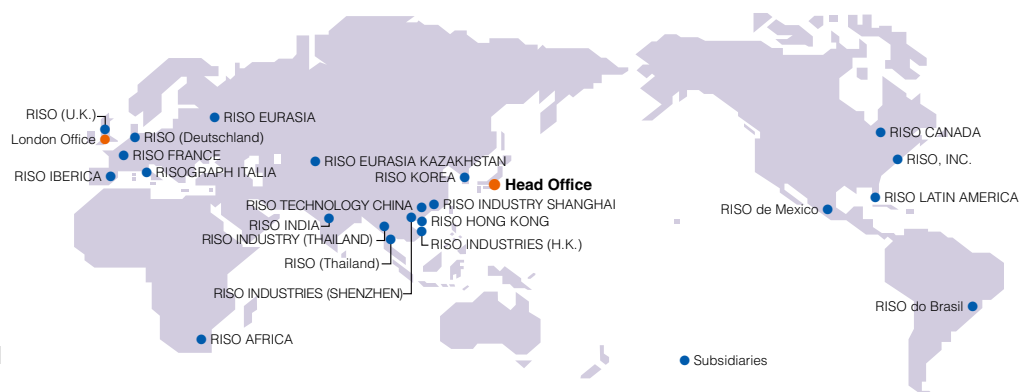
Our development departments have been integrated into the Riso Research and Design Center located in Tsukuba city, Ibaraki Prefecture, in which the development of next-generation RISO products is carried out while increasing operational efficiency.



Global Network

Our wide-spanning network, centering on 23 overseas subsidiaries, engages in sales of ORPHIS and RISOGRAPH hardware, provides technical support and also supplies consumables. RISOGRAPH hardware is produced at the manufacturing plants of RISO INDUSTRIES (SHENZHEN) LTD. and RISO TECHNOLOGY CHINA CO., LTD. in China and RISO INDUSTRY (THAILAND) CO., LTD. in Thailand.

Over 3,500 RISO Group employees value communication with customers and provide customer support in the respective countries where we operate.



Main subsidiaries

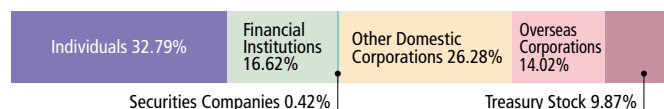
- RISO, INC.
- RISO CANADA INC.
- RISO LATIN AMERICA, INC.
- RISO de Mexico, S.A. de C.V.
- RISO do Brasil Ltda.
- RISO (U.K.) LTD.
- RISO (Deutschland) GmbH
- RISO FRANCE S.A.

- RISO IBERICA, S.A.
- RISOGRAPH ITALIA S.p.A.
- RISO EURASIA LLC
- RISO EURASIA KAZAKHSTAN LLC
- RISO AFRICA (PTY) LTD.
- RISO INDUSTRIES (H.K.) LTD.
- RISO INDUSTRIES (SHENZHEN) LTD.
- RISO TECHNOLOGY CHINA CO., LTD.

- RISO INDUSTRY SHANGHAI CO., LTD.
- RISO HONG KONG LTD.
- RISO (Thailand) LTD.
- RISO INDUSTRY (THAILAND) CO., LTD.
- RISO INDIA PRIVATE LTD.
- RISO KOREA LTD.

Number of shares:	67,840,000 (No change from the end of the previous period)
Number of shares issued:	23,703,166 (No change from the end of the previous period)
Number of shareholders:	2,658 (A decrease of 464 from the end of the previous period)

Breakdown of stock ownership



Major Shareholders (Top 10 Shareholders)	Number of shares owned (thousands of shares)	Shareholding ratio (%)
RISO Limited	2,470	10.42
RISO KAGAKU CORPORATION	2,340	9.87
Riso Educational Foundation	1,330	5.61
RISO KAGAKU CORPORATION Employees' Shareholding Association	1,002	4.23
Trust & Custody Services Bank, Ltd. as trustee for the Tokyo Tomin Bank, Ltd. Retirement Benefit Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	783	3.31
Akira Hayama	616	2.60
Osamu Hayama	597	2.52
Takashi Hayama	594	2.51
Mariko Ito	591	2.49
Akatsuki Kosan Co., Ltd.	571	2.41

Note: The Company received a copy of the substantial shareholding report (amended report) dated August 8, 2013 from Silchester International Investors LLP, in which we received a report that the shares are owned as indicated below as of August 2, 2013. However, the details are different from the shareholder name list and we have not yet verified the number of shares owned by the company as of the end of the 1st half of fiscal 2014, thus the company name is not included in the above list. Summary details of the amended report are as follows.

Shareholder name	Number of shares owned (thousands of shares)
Silchester International Investors LLP	1,059

Repurchase of Treasury Stock

During the six-month period, RISO repurchased treasury stock as detailed below.

Number of shares repurchased: 1,745,700 shares
Total repurchased amount: ¥3,999 million

Corporate name	RISO KAGAKU CORPORATION
Head office	5-34-7 Shiba, Minato-ku, Tokyo 108-8385 Japan
Established	September 2, 1946
Incorporated	January 25, 1955
Paid-in capital	¥14,114,985,384
Number of employees	1,782 (3,616 for the RISO Group)
Subsidiaries	25 companies (domestic: 2; overseas: 23)

Board of Directors and Auditors

President & CEO (Representative Director)	Akira Hayama
Managing Director	Yasuhiro Takahashi
Managing Director	Takashi Kunitani
Managing Director	Kazuo Abe
Managing Director	Kihachiro Endo
Director	Hidenori Fujioka
Director	Yasunobu Takahashi
Director	Shoichi Ikejima
Director	Masahiro Ueda
Director	Soichiro Hashimoto
Director	Yoshiomi Narumiya
Director	Naoki Ujiie
Director	Toshiaki Kano
Director	Kyoshi Hayashi
Director	Soichiro Oku*
Standing Auditor	Kenjuro Yamamoto
Standing Auditor	Yasuo Tazawa
Auditor	Yoshinari Iizuka*
Auditor	Shinji Hatta*

Note: "*" refers to outside directors and outside auditors, as stipulated under Item 15 and 16 of Article 2 of the Corporate Law.

The financial information appearing in this review is a translation of the original Japanese text into English and is based on generally accepted accounting standards and practices in Japan.

Forward-looking Statements

Forecasts of future performance contained in forward-looking statements are based on Riso Kagaku Corporation's current expectations, estimates and assessment of the markets in which it operates. A number of factors, many beyond the Company's control, could cause actual results to differ materially from the forecasts contained in these statements.

RISO KAGAKU CORPORATION

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