



Interim Report 2013

1st half of fiscal 2013



To Our Shareholders



I am pleased to have this opportunity to present our shareholders with the RISO Interim Report 2013.

During the first half of fiscal 2013, RISO achieved steady sales growth in the printing equipment business in Japan, Europe and Asia. Although net sales in this segment were roughly on par with the previous year in terms of exchange rates, the amount edged down 1.9% year on year due to the effect of foreign exchange rates. At the same time, gross profit increased as a result of a reduction in the cost of sales by shifting manufacturing of ORPHIS hardware in-house. Operating income achieved a year-on-year increase of 72.6%.

Additionally, RISO changed its overseas production system during the first half of the current fiscal year. Accordingly, a production subsidiary in Thailand commenced operations from April 2012. In China, a consolidated subsidiary was established in Shenzhen, whereby manufacturing on a conventional consignment basis was switched to in-house production and commenced at our new plant from July. In the future, we will employ a system of producing nearly all RISOGRAPH models overseas.

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 2012

Akira Hayama
President & CEO



Fourth Medium-term Management Plan “Riso Vision 13”

(April 1, 2010 – March 31, 2013)

Medium-term Management Policy

The aim of Riso Vision 13 is to realize strong growth by gaining new customers through the utilization of optimum corporate resources in order to re-establish a stable profit-making business model.

Main Focus Points

1. Develop, cultivate and strengthen sales channels in the inkjet business
2. Build up both the product planning system and sales planning system on a global basis
3. Conduct a dynamic review of both the manufacturing system as well as the structure of selling, general and administrative expenses

Management Policy for the Fiscal Year Ending March 31, 2013

(April 1, 2012 - March 31, 2013)

Management Policy

Achieve sales increase by expanding the inkjet business and maintaining digital duplicating business.

Main Focus Points

1. Increase the number of inkjet printers operating in the market
2. Maintain steady sales in the digital duplicating business
3. Make a smooth transition to the new hardware production system



Business Environment and Performance

Despite the steady growth of sales in the domestic market, overall sales decreased due to the effect of foreign exchange rates. Profits increased as a result of a reduction in the cost of sales.

The Riso Group (hereafter, "RISO") has been following its medium-term management policy of achieving strong growth by gaining new customers in the printing equipment business.

Regarding RISO's consolidated operating results for the current six months, despite steady sales growth in Japan, overall sales fell short year on year due to the effect of foreign exchange rates. As for profits, operating income increased as a result of recording a decrease in the cost of sales in the inkjet business.

As a result, net sales were ¥35,268 million (down 1.9% year on year), operating income was ¥2,203 million (up 72.6% year on year), ordinary income was ¥2,191 million (up 100.1% year on year) and net income amounted to ¥1,644 million (up 62.7% year on year).

The average exchange rates during the current consolidated six-month period were ¥79.41 to the U.S. dollar (an appreciation of ¥0.41 per the U.S. dollar year on year) and ¥100.64 to the euro (an appreciation of ¥13.15 per the euro year on year).

Business Outlook for Fiscal 2013

Profits are expected to increase due to an increase in gross profit resulting from a reduction in the cost of manufacturing in the inkjet business.

In the printing equipment business, net sales from the domestic market for the full fiscal year are expected to hold steady due to the growth of the inkjet business. However, the situation is expected to remain harsh in terms of overall net sales, including overseas, caused by various factors such as the effect of foreign exchange rates. In terms of profits, with a reduction in the cost of manufacturing accompanied by the dissolution of a joint venture and individually developing the inkjet business as well as less-than-expected selling, general and administrative expenses, operating income, ordinary income and net income for the full year are forecast to exceed the previous year results.

Accordingly, RISO is forecasting net sales of ¥74,000 million. On the profit side, we are forecasting operating income of ¥4,500 million, ordinary income of ¥4,600 million and net income of ¥4,300 million for fiscal 2013.

The above forecasts are based on exchange rate assumptions of ¥79 to the U.S. dollar and ¥100 to the euro.



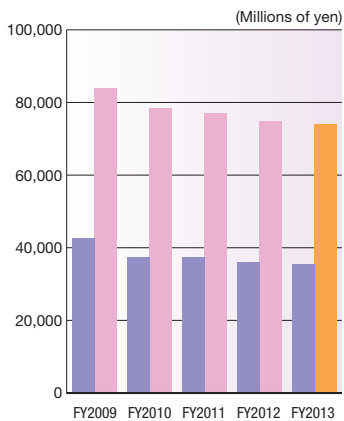
Financial Highlights (Consolidated basis)

Note: Amounts less than the unit expressed are omitted.

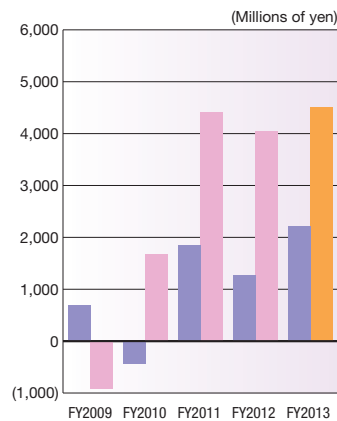
(Millions of yen)

	FY2009		FY2010		FY2011		FY2012		FY2013	
	1st half of FY2009		1st half of FY2010		1st half of FY2011		1st half of FY2012		1st half of FY2013	(Forecast)
Net sales	42,627	83,774	37,377	78,469	37,455	76,897	35,944	74,847	35,268	74,000
Operating income (loss)	689	(913)	(431)	1,669	1,848	4,406	1,276	4,050	2,203	4,500
Ordinary income (loss)	883	(695)	(250)	2,113	1,956	4,939	1,095	4,309	2,191	4,600
Net income (loss)	192	(641)	(9,476)	(5,937)	1,812	6,288	1,010	2,886	1,644	4,300
Net income (loss) per share (Yen)	7.38	(24.68)	(368.80)	(231.06)	70.83	247.45	40.39	117.40	69.66	183.10

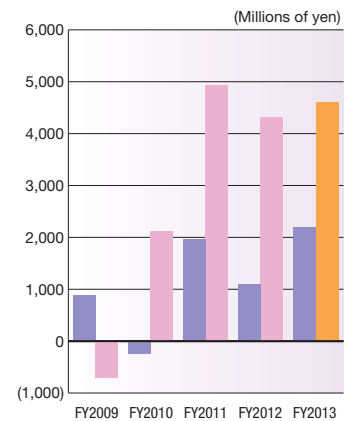
Net sales



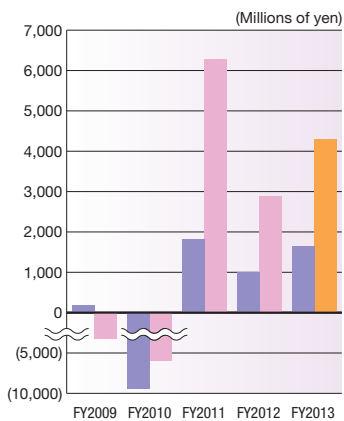
Operating income (loss)



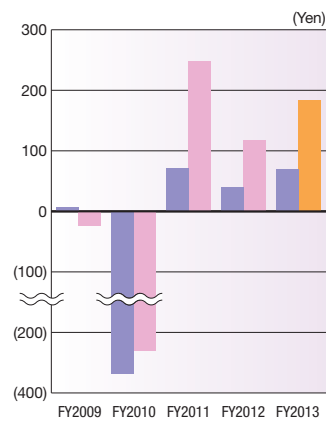
Ordinary income (loss)



Net income (loss)



Net income (loss) per share



■ Interim
■ Annual
■ Annual (Forecast)



Balance Sheets

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

ASSETS

(Millions of yen)

Item	FY2012 (As of Mar. 31, 2012)	1st half of FY2013 (As of Sept. 30, 2012)
Current assets	¥50,707	¥47,363
Cash and deposits	13,377	12,207
Notes and accounts receivable—trade	14,240	11,428
Short-term investment securities	8,731	8,910
Inventories	11,393	11,681
Other	3,241	3,368
Allowance for doubtful accounts	(275)	(232)
Noncurrent assets	38,989	39,565
Total property, plant and equipment	27,540	29,016
Buildings and structures, net	6,129	6,094
Machinery, equipment and vehicles, net	921	878
Land	16,943	16,943
Other	3,546	5,100
Intangible assets	6,709	6,143
Goodwill	2,009	1,672
Software	2,303	2,456
Other	2,397	2,013
Investments and other assets	4,740	4,405
Investment securities	1,463	1,228
Other	3,381	3,262
Allowance for doubtful accounts	(104)	(85)
Total assets	¥89,697	¥86,928

Note: Total amount of depreciation of tangible fixed assets for the 1st half of fiscal 2013 was ¥40,416 million.

Point 1 Cash and deposits

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

Point 2 Total property, plant and equipment, Other

Construction in progress for a research and development building that got underway in May was recorded.



LIABILITIES

(Millions of yen)

Item	FY2012 (As of Mar. 31, 2012)	1st half of FY2013 (As of Sept. 30, 2012)
Current liabilities	¥22,676	¥21,317
Notes and accounts payable—trade	11,197	10,605
Short-term loans payable	2,227	2,461
Current portion of long-term loans payable	2	2
Other	9,249	8,248
Noncurrent liabilities	5,195	5,029
Long-term loans payable	38	36
Provision for retirement benefits	3,691	3,727
Other	1,465	1,264
Total liabilities	¥27,872	¥26,346

NET ASSETS

(Millions of yen)

Item	FY2012 (As of Mar. 31, 2012)	1st half of FY2013 (As of Sept. 30, 2012)
Shareholders' equity	¥64,757	¥64,435
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	37,874	38,552
Treasury stock	(2,011)	(3,011)
Total accumulated other comprehensive income	(2,932)	(3,854)
Valuation difference on available-for-sale securities	(107)	(315)
Foreign currency translation adjustment	(2,825)	(3,538)
Total net assets	¥61,825	¥60,581
Total liabilities and net assets	¥89,697	¥86,928

Point 3 Treasury stock

A total of 791,400 shares of treasury stock amounting to ¥999 million were acquired during the first six months of fiscal 2013.

Statements of Income

(Millions of yen)

Item	1st half of FY2012 (6 months ended Sept. 30, 2011)	1st half of FY2013 (6 months ended Sept. 30, 2012)
Net sales	¥35,944	¥35,268
Printing equipment business	35,168	34,513
Japan	22,254	22,491
Americas	2,758	2,263
Europe	5,927	5,432
Asia	4,228	4,325
Real estate business and others	775	754
Cost of sales	16,623	15,209
Gross profit	19,320	20,058
Selling, general and administrative expenses	18,043	17,855
Operating income	1,276	2,203
Non-operating income	300	303
Non-operating expenses	481	315
Ordinary income	1,095	2,191
Extraordinary income	338	21
Income before income taxes and minority interests	1,433	2,213
Income taxes	423	569
Net income	¥ 1,010	¥ 1,644

Point 4 Net sales

Net sales decreased ¥600 million compared with the same period of the previous fiscal year. However, net sales increased 0.1% when the calculation excludes the effect of foreign exchange rates.

Point 5 Cost of sales and gross profit

Gross profit increased due to a decrease in the cost of sales in the inkjet business.

Statements of Cash Flows

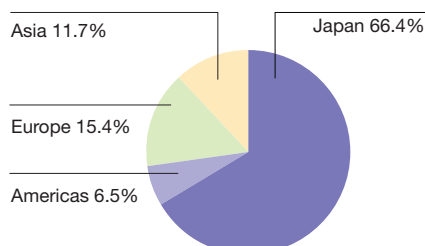
(Millions of yen)

Item	1st half of FY2012 (6 months ended Sept. 30, 2011)	1st half of FY2013 (6 months ended Sept. 30, 2012)
Net cash provided by (used in) operating activities	¥ 2,295	¥ 3,560
Net cash provided by (used in) investing activities	(634)	(2,248)
Net cash provided by (used in) financing activities	(2,796)	(1,647)
Effect of exchange rate change on cash and cash equivalents	(592)	(371)
Net increase (decrease) in cash and cash equivalents	(1,727)	(705)
Cash and cash equivalents at beginning of period	17,130	20,976
Cash and cash equivalents at end of period	¥15,402	¥20,271

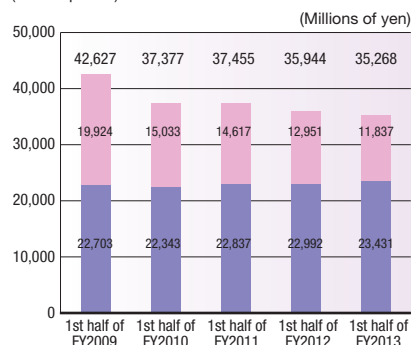
Point 6 Net cash provided by (used in) investing activities

Net cash provided by (used in) investment activities mainly consists of construction in progress for a research and development building.

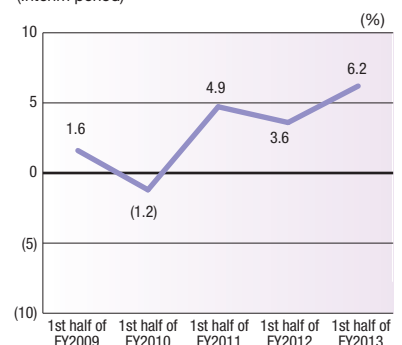
Sales by region
(1st half of FY2013)



Net sales
(Interim period)



Operating income (loss) margin
(Interim period)





Launch of New Models from RISOGRAPH SD Series Equipped with ECO Mode

In May 2012, RISO commenced sales in Japan of the RISOGRAPH SD5630, SD5430 and SD5430L, three new models of digital duplicators in the RISOGRAPH SD Series.

These models have enhanced environmental performance and are newly equipped with an ECO mode in addition to the existing function of reducing standby power. Realizing an approximately 3% reduction in power consumption during printing jobs compared with normal mode, current models have also acquired color universal design standards by taking operational ease into consideration, thereby enabling many users to make use of the machines regardless of personal differences in color vision.

The SD5630 handles A3 paper size while the SD5430 and SD5430L models handle B4 paper size.



RISOGRAPH SD5630

New Plants in Thailand and China Commenced Full-scale Operations

RISO established RISO INDUSTRY (THAILAND) CO., LTD. in Ayuttaya Province, Thailand, as a new production base of RISOGRAPH digital duplicators. Production started from April 2012.

In addition, RISO INDUSTRIES (SHENZHEN) CO., LTD. was established in Guangdong, China, whereby production on a consignment basis conducted up until now was switched to in-house manufacturing. Existing personnel, facilities and production know-how were utilized and full-scale operations commenced from July.

Along with this momentum, RISO plans to produce nearly all RISOGRAPH models overseas. With the globalization of its production system, RISO will strive to further strengthen its stable supply system.



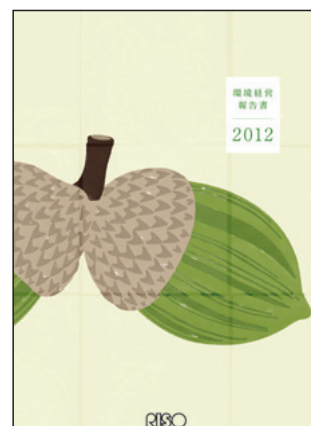
RISO INDUSTRY (THAILAND) CO., LTD. (Ayuttaya, Thailand)

Sustainability Report 2012 Published

RISO published its *Sustainability Report 2012* in Japanese in August 2012.

This year's issue includes pages on "RISO Products," which newly summarizes the balance of printing job efficiency and reduction of environmental burdens realized through our main products, so that people who are also getting to know about RISO for the first time can gain an understanding of RISO's activities. Additionally, we have increased the overall use of images and photos, thereby communicating our environmental protection activities according to the flow of business activities, including development, production and logistics, in a more easy-to-understand manner.

As a development-oriented company, RISO will continuously endeavor to develop environmentally conscious products.



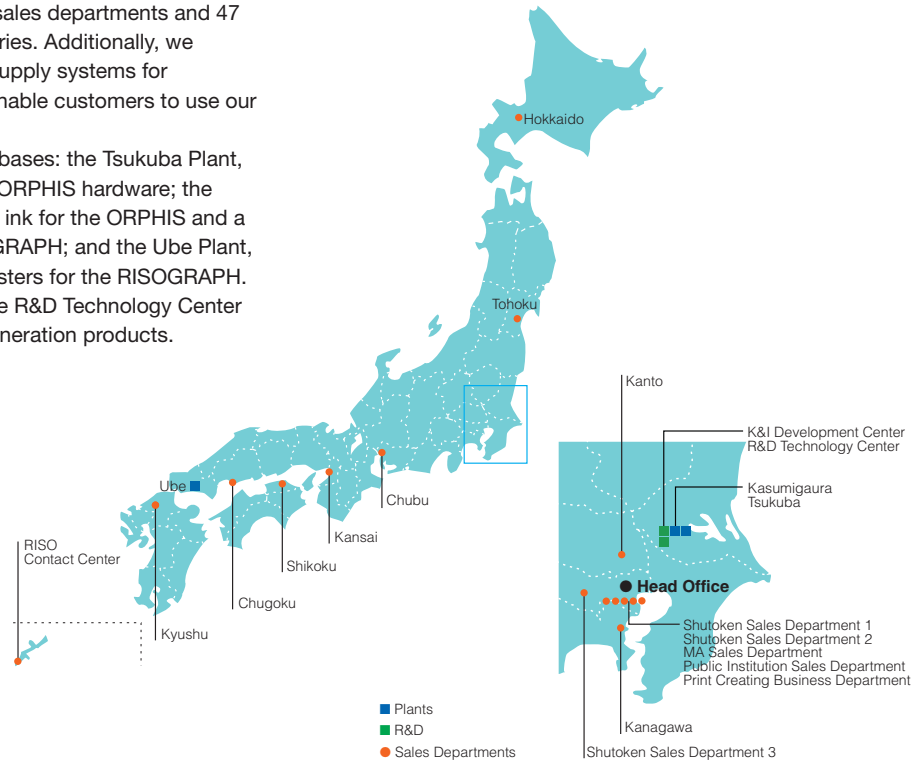
Sustainability Report 2012

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 develop 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.

The K&I Development Center and the R&D Technology Center conduct R&D to develop RISO's next-generation products.



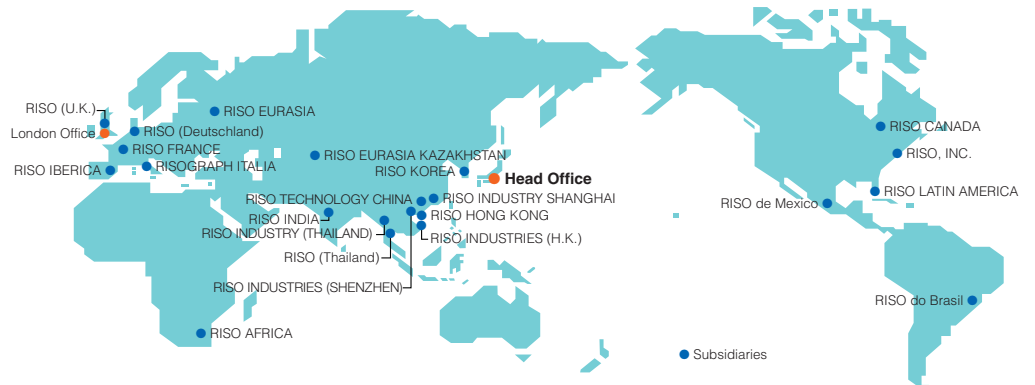
Global Network

Our wide-spanning network, centering on 22 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 3,000 RISO Group employees value communication with customers and provide customer support in the respective countries where we operate.

◆ **Main subsidiaries**

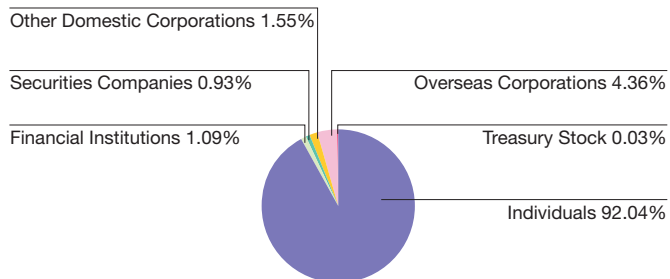
- RISO, INC.
- RISO CANADA, INC.
- RISO LATIN AMERICA, INC.
- RISO de Mexico, S.A. de C.V.
- RISO do Brasil Ltda.
- RISO (U.K.) LTD.
- RISO (Deutschland) GmbH
- RISO FRANCE S.A.
- RISO IBERICA, S.A.
- RISOGRAPH ITALIA S.p.A.
- RISO EURASIA LLC
- RISO EURASIA KAZAKHSTAN LLC
- RISO AFRICA (PTY) LTD.
- 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.



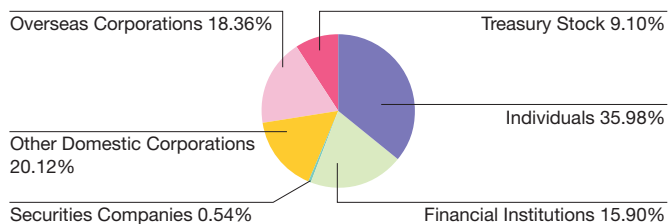


● Number of shares:	67,840,000 <small>(No change from the end of the previous period)</small>
● Number of shares issued:	25,703,166 <small>(No change from the end of the previous period)</small>
● Number of shareholders:	3,026 <small>(A decrease of 389 from the end of the previous period)</small>

● Breakdown of shareholders by type



● Breakdown of stock ownership



● Major Shareholders (Top 10 Shareholders)

Shareholder name	Number of shares owned (thousands of shares)	Shareholding ratio (%)
RISO Limited	2,470	9.61
RISO KAGAKU CORPORATION	2,338	9.10
Riso Educational Foundation	1,330	5.18
Northern Trust Company (AVFC) Sub Account American Client	1,149	4.47
RISO KAGAKU CORPORATION Employees' Shareholding Association	1,039	4.04
Silchester International Investors International Value Equity Trust	826	3.21
Northern Trust Co. AVFC Re U.S. Tax Exempted Pension Funds	796	3.10
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	3.05
Noboru Hayama	751	2.92
Osamu Hayama	692	2.70

Note:

The Company received a copy of the substantial shareholding report (amended report) dated November 8, 2010 from Silchester Partners Ltd. (formerly, Silchester International Investors Ltd.), and its joint shareholder, Silchester International Investors LLP. However, we have not yet verified the number of shares owned by the companies as of the end of the 1st half of fiscal 2013, thus the company names are not included in the above list. Summary details of the substantial shareholding report (amended report) are as follows.

Shareholder name	Number of shares owned (thousands of shares)
Silchester Partners Ltd.	0
Silchester International Investors LLP	3,067

● Repurchase of Treasury Stock

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

Number of shares repurchased:	791,400 shares
Total repurchased amount:	¥999 million

Corporate Data

(As of September 30, 2012)

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	1,767 (3,603 for the RISO Group)
Subsidiaries	25 companies (domestic: 2; overseas: 23)

Board of Directors and Auditors

(As of September 30, 2012)

President & CEO (Representative Director)	Akira Hayama
Managing Director	Yasuhiro Takahashi
Managing Director	Takashi Kunitani
Managing Director	Kazuo Abe
Director	Kihachiro Endo
Director	Hidenori Fujioka
Director	Yasunobu Takahashi
Director	Masahiro Ueda
Director	Soichiro Hashimoto
Director	Yoshiomi Narumiya
Director	Naoki Ujiie
Director	Soichiro Oku*
Standing Auditor	Kuniaki Yamamoto
Standing Auditor	Kenjuro Yamamoto
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.

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