

Briefing on Business Results for the Six Months of FY2011

(From April 1,2010 to September 30,2010)

RISO KAGAKU CORPORATION

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■Notes on the descriptions in this briefing

In this document, the six month consolidated accounting period is described as “first half” for the sake of simplicity.

The amounts indicated have been rounded down to a million yen.

■A note on the description relating to forecasts

The following statements, including forecasts, contained in these materials are based on information currently available to the Company. Actual business may differ substantially from the forecasts due to various factors in the future.



First Half of FY2011 Performance Overview

- Sales remained same as previous term, income increased significantly

(Millions of Yen)

	First Half of FY2011	First Half of FY2010	Difference (y-o-y)		Calculated with the exchange rate of the Previous year	
			Amount	%	Amount	Foreign exchange impact
Net sales	37,455	37,377	78	0.2%	38,789	-1,333
Gross profit	18,553	17,638	915	5.2%	19,689	-1,136
Selling, general and administrative exp.	16,704	18,070	-1,366	-7.6%	17,197	-493
Operating income	1,848	-431	2,280	-	2,492	-643
Ordinary income	1,956	-250	2,207	-		
Net income	1,812	-9,476	11,289	-		
Exchange Rates						
Yen/US \$	88.95	95.49				
Yen/EURO	113.85	133.16				



First Half of FY2011 Performance Overview

Net sales

Remained same as previous term despite foreign exchange impact

- Sales: ¥37,455million, up ¥78 million Y-O-Y
- Foreign exchange impact: Minus ¥1,333million, real increase excluding the impact ¥1,412 million
- Inkjet business (high speed color printers)
 - **Rose both in Japan and overseas. Now amounting to 31% of consolidated sales**
- Digital duplicating business (digital duplicators)
 - **Sales rose in emerging countries, dropped in developed countries but decreased overall.**

Gross profit Increased

- Gross profit :¥18,553million, up ¥915 million Y-O-Y
- Foreign exchange impact: Minus ¥1,136million, real increase excluding the impact ¥2,051million
- Increased sales in Inkjet business in Japan and Europe contributed.
- Gross Profit in digital duplicating business in Europe and Asia rose.



First Half of FY2011 Performance Overview

Selling, general and administrative exp.

Decreased

- Selling, general and administrative expenses: down ¥16,704 million, a reduction of ¥1,366 million Y-O-Y
- Foreign exchange impact: Minus ¥493million, real decrease excluding the impact, ¥873 million
 - Reduction owing to business restructure in U. S. subsidiaries
 - Decrease in advertisement and sales promotion expenses

Operating income

Increased

- Operating income: ¥1,848 million, up ¥2,280 million Y-O-Y
- Foreign exchange impact: Minus ¥643million
- Actual increase excluding the impact, ¥2,924 million

First Half of FY2011 Performance Overview

First Half of FY2011		(Millions of Yen)		
	Net sales	Operating income		
	Amount	Ratio	Amount	Ratio to Net sales
Total	37,455	100%	1,848	4.9%
Sub-total:				
Printing equipment business	36,636	97.8%	1,541	4.1%
Japan	22,019	58.8%	1,552	4.1%
Americas	3,717	9.9%	-747	-2.0%
Europe	6,397	17.1%	146	0.4%
Asia	4,502	12.0%	589	1.6%
Sub-total:				
Real estate business and others	818	2.2%	306	0.8%

Note: From the first quarter of FY2011, the Company has been reporting by segmentation of “Printing equipment business” and “Real estate business and others,” which are used for internal management. “Printing equipment business” is reported in four segments according to geography. Please note that the print creating business which has been included in the “Printing equipment-related business” has now been included in the “Real estate business and others.”

Because of the change in segments, no year-on-year comparisons of segment information are provided for monetary amounts.

Main Focuses for FY2011

■ Challenges our Company group has to address:

- (1) Accelerate the growth speed of Inkjet business
- (2) Aim to maintain and recover the digital duplicating business which is on downward trend

■ Main Focuses for FY2011

- (1) Develop, cultivate and strengthen sales channels in the Inkjet business.
- (2) Improve internal structure for product development best suited to the markets.

First Half of FY2011 Activity Overview

■ Launched new products

- Commenced European sales of ComColor series in April



ComColor 9050

■ Established sales subsidiaries

- Sales expansion of printing equipment business into emerging markets
 - Russia: RISO EURASIA LLC (April 2010)
 - Kazakhstan: RISO EURASIA KAZAKHSTAN LLC (September 2010)

■ Other special events:

- Retirement and purchase of treasury stock (August 2010)
 - Number of shares retired: 940,000 shares (August 16, 2010)
 - Number of shares to be purchased: Up to 500,000 shares
 - Total purchase cost: Up to ¥500 million
 - Number of shares purchased: 457,900 shares
 - Total purchase cost: ¥499 million

First Half of FY2011 Tasks in the 2nd half

■ Introduction of new products

— Commenced sales of RISOGRAPH SD series



RISOGRAPH SD6680F

- **High-speed printing: 180 prints per minute**
- **Enable microscopic printing and smooth gradation by combination with high-quality image master**
- **Correspond to direct output from USB memory**
- **Targeting wide range of markets including schools and government offices**

■ Resume the plan for constructing an R&D facility (Tsukuba City)

- Integrate 4 facilities of R&D Division in Ibaraki pref. into one facility in Tsukuba city to shorten development period by improved efficiency.
- Construction is set to begin in August 2011 and completed in August 2012.

Forecast for FY2011

(Millions of Yen)

	FY2011 Forecast	FY2010 Actual	Difference (y-o-y)	
			Amount	%
Net sales	78,000	78,469	-469	-0.6%
Operating income	3,200	1,669	1,531	191.7%
Ordinary income	3,300	2,113	1,187	156.2%
Net income	3,000	-5,937	8,937	-
Operating income margin	4.1%	2.1%		
Consolidated ROE	5.2%	-9.6%		
Exchange Rates				
Yen/US \$	85.00	92.85		
Yen/EURO	112.00	131.15		



Forecast for FY2011 —Precondition—

■ Assumed exchange rate

FY2011	First Half Actual	Second Half Assumed	Full-Year Assumed
1 US \$	¥ 88.95	¥ 81.00	¥ 85.00
1 EURO	¥ 113.85	¥ 110.00	¥ 112.00

■ Impact of fluctuation of exchange rate (¥1/year)

(when the value of the yen shifts 1 yen in the full-year)

	Net sales	Operating income
Yen/US \$	145 million yen	35 million yen
Yen/EURO	75 million yen	50 million yen