

October 31, 2008

Company Name: RISO KAGAKU CORPORATION  
Listed Market: Tokyo Stock Exchange (First Section), JASDAQ  
Stock Code: 6413 (URL: <http://www.riso.co.jp/>)  
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**Notice Regarding the Recording of an Allowance for  
Investment Loss to a Subsidiary and Changes in the Forecasts**

Riso Kagaku Corporation (the “Company”) announced that it has recorded an allowance for investment loss to a consolidated subsidiary as an extraordinary loss.

The Company also announced that, in light of current business trends, changes were made to the forecasts for the fiscal year ending March 31, 2009 (April 1, 2008 to March 31, 2009; including for six months and full-year results), which were released on May 9, 2008 and August 4, 2008, as described below.

1. Recording of an allowance for investment loss

For the six months of the fiscal year ending March 31, 2009, the Company recorded an allowance for investment loss for RISO, Inc., a U.S. consolidated subsidiary of the Company, due to poor performance results compared to initial plans and the possibility that the ratio of loss to the Company’s interests in RISO, Inc. stock will exceed 50%.

2. Changes in the consolidated forecasts for the fiscal year ending March 31, 2009

(1) Changes in the six months forecasts (April 1, 2008 to September 30, 2008)

(Millions of yen, rounded down)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts	43,200	1,300	1,500	800	30.66 yen
Revised forecasts	42,627	689	883	192	7.38 yen
Difference	(572)	(610)	(616)	(607)	-
Percentage change	(1.3)%	(47.0)%	(41.1)%	(75.9)%	-
(Reference) Actual results of the six months ended September 30, 2007	43,535	2,279	2,358	1,321	49.93 yen

(2) Changes in the full-year forecasts (April 1, 2008 to March 31, 2009)

(Millions of yen, rounded down)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts	93,500	3,600	5,430	3,560	135.52 yen
Revised forecasts	89,400	1,360	3,110	1,500	57.40 yen
Difference	(4,100)	(2,240)	(2,320)	(2,060)	-
Percentage change	(4.4)%	(62.2)%	(42.7)%	(57.9)%	-
(Reference) Actual results of the fiscal year ended March 31, 2008	92,621	5,397	4,709	1,657	62.73 yen

3. Reasons for changes

[Six months]

Net sales were slightly lower than the previous forecasts because net sales in Europe over the second quarter drastically fell below plans although the value of the yen on the foreign exchange market was lower than expected.

With respect to earnings, operating income, ordinary income and net income were all lower than the previous forecasts due to a decrease in net sales in our digital duplicating business.

[Full-year]

Net sales are expected to be lower than the previous forecasts as a result of anticipations of poor performance continuing in Europe as well as considerations concerning actual market conditions in other regions.

With respect to earnings, we expect operating income, ordinary income and net income to fall short of the previous forecasts due to an anticipated decrease in net sales in our digital duplicating business.

(Reference)

Although foreign exchange rates for the US dollar and euro were estimated at ¥100 and ¥152, respectively, at the beginning of the fiscal year, the average rates over the six months period were ¥106.11 and ¥162.68, respectively.

Please note that the rates for the third quarter and beyond are estimated at ¥100 and ¥137, respectively. In light of this, we estimate the average rates for the full-year to be ¥103 and ¥150, respectively.

(Note)

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 the forecasts.