

Consolidated Financial Results
for the Three Months of the Fiscal Year Ending March 31, 2016
<under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6413
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Scheduled date to file Quarterly Report: August 7, 2015
 Scheduled date of dividend payment commencement: –
 Preparation of supplementary information on quarterly business results: None
 Holding of briefing on quarterly business results: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the three months of the fiscal year ending March 31, 2016
(from April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2015	20,501	3.4	1,761	30.6	1,915	33.2	1,369	70.9
June 30, 2014	19,829	0.9	1,349	41.0	1,437	26.1	801	15.1

Note: Comprehensive Income

Three months ended June 30, 2015: 2,113 million yen / 180.9%

Three months ended June 30, 2014: 752 million yen / (43.4)%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2015	34.05	–
June 30, 2014	19.15	–

A two-for-one split of its common shares was conducted on January 1, 2015. As a result, net income per share stated above was calculated based on the assumption that the two-for-one stock split took place at the beginning of the fiscal year ended March 31, 2015.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2015	92,102	68,242	74.1
March 31, 2015	94,338	68,946	73.1

Reference: Shareholders' Equity As of June 30, 2015: 68,242 million yen As of March 31, 2015: 68,946 million yen

2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	–	0.00	–	45.00	45.00
Fiscal year ending March 31, 2016	–				
Fiscal year ending March 31, 2016 (Forecasts)		0.00	–	60.00	60.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

3. Forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	41,940	4.6	3,030	5.5	3,140	2.2	2,080	(6.1)	51.89
Fiscal year ending March 31, 2016	88,900	3.8	7,990	16.8	8,160	16.6	5,740	2.1	143.42

Note: Revisions to the forecasts in the current quarter: None

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
- Changes due to revisions to accounting standards and other regulations: Yes
 - Changes due to other reasons: None
 - Changes in accounting estimates: None
 - Restatement: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2015	47,406,332 shares
As of March 31, 2015	47,406,332 shares

- b. Number of treasury stock at the end of the period

As of June 30, 2015	7,444,792 shares
As of March 31, 2015	7,030,392 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2015	40,211,455 shares
Three months ended June 30, 2014	41,826,283 shares

A two-for-one split of its common shares was conducted on January 1, 2015. As a result, number of issued share stated above was calculated based on the assumption that the two-for-one stock split took place at the beginning of the fiscal year ended March 31, 2015

* Indication regarding execution of quarterly review procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* Proper use of the forecasts, and other special matters

The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company. These statements do not purport that the Company pledges to achieve such performance. Actual business may differ substantially from the forecasts due to various factors in the future.

Attached Materials

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1. Qualitative Information regarding Consolidated Results for the Three Months

(1) Explanation on consolidated operating results

The RISO Group (RISO) 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 three months, in the printing equipment business, overall net sales grew due to firm sales in the inkjet business and the effect of the yen depreciation. In conjunction with this increase, operating income was also up. Net sales were 20,501 million yen (up 3.4% year on year), operating income was 1,761 million yen (up 30.6% year on year), ordinary income was 1,915 million yen (up 33.2% year on year) and profit attributable to owners of parent was 1,369 million yen (up 70.9% year on year).

The average exchange rates during the current consolidated three months period were 121.36 yen (a 19.20 yen depreciation of the yen year on year) for the US dollar and 134.16 yen (a 5.91 yen appreciation of the yen year on year) for the euro.

Results by segment are as follows:

a. Printing equipment business

RISO, as part of its printing equipment business, engages in the inkjet business, principally with its ORPHIS high-speed color printers, as well as the digital duplicating business, consisting mainly of its RISOGRAPH digital duplicators. In the inkjet business, sales in Europe were down from the previous fiscal year, but sales in other regions steadily increased. Sales in the digital duplicating business continued to decline. Net sales in the printing equipment business were 20,163 million yen (up 3.6% year on year), and operating income was 1,696 million yen (up 36.4% year on year).

Japan

In the inkjet business, sales of consumables increased steadily in conjunction with growing hardware installations, making up for the decline in the digital duplicating business. Net sales were 11,220 million yen (up 3.0% year on year). Due to the contribution from higher sales of consumables, operating income was 1,465 million yen (up 34.8% year on year).

The Americas

Sales of both hardware and consumables in the inkjet business increased. Although sales in the digital duplicating business decreased, overall sales were 1,617 million yen (up 26.3% year on year), due in part to the effect of the weaker yen. Operating losses were 58 million yen (compared to operating losses of 240 million yen in the same period of the previous fiscal year).

Europe

In the inkjet business, sales of consumables were firm, but sales of hardware fell below the previous year's level. As a result, sales in the inkjet business decreased, as did sales in the digital duplicating business. Net sales were 3,969 million yen (down 10.6% year on year). Operating income was 220 million yen (down 31.2% year on year) as a result of effects of the yen appreciation against the euro.

Asia

In the inkjet business, hardware sales in China remained strong from the previous year, and sales were up sharply. Sales in the digital duplicating business declined. Net sales were 3,355 million yen (up 17.4% year on year), due in part to the effect of the weaker yen. Operating income was 69 million yen (down 9.1% year on year) due to higher selling, general and administrative expenses resulting from sales promotion in the inkjet business.

b. Real estate business and others

RISO operates a real estate business focusing on leasing of the Omotesando Building and Shin-Osaka Building as well as a print creating business. Net sales in the real estate and others were 338million yen (down 6.6% year on year), and operating income was 64 million yen (down 38.7% year on year).

(2) Explanation on consolidated financial position

The financial position of RISO at the end of the current quarter compared to the end of the previous fiscal year is as follows.

Total assets fell 2,236 million yen to 92,102 million yen, while net assets fell 703 million yen to 68,242 million yen. As a result, the equity ratio moved up 1.0 points to 74.1%.

The main changes in the assets portion include increases of 1,062 million yen in cash and deposits, and 374 million yen in investment securities, in contrast to decreases of 2,883 million yen in notes and accounts receivable-trade and 849 million yen in short-term investment securities. In the liabilities portion, there were decreases of 394 million yen in notes and accounts payable-trade, 795 million yen in provision for bonuses and 297 million yen in net defined benefit liability.

(3) Explanation on future estimates information pertaining to consolidated earnings forecasts

There has been no revision to the consolidated forecasts for the fiscal year ending March 31, 2016, which were released on May 8, 2015.

2. Matters Regarding Summary Information (Notes)

(1) Changes in accounting policies, changes in accounting estimates and restatement

Changes in accounting policies

(Application of Accounting Standards regarding Business Combinations)

Effective as of the first quarter of the current consolidated fiscal year, the Company applied the “Accounting Standards for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other accounting standards. As a result, the method of reporting quarterly net income and other amounts was changed. The consolidated financial statements for the first quarter of the previous fiscal year have been reclassified to reflect these changes in presentation

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	14,074	15,136
Notes and accounts receivable-trade	15,877	12,993
Short-term investment securities	5,120	4,270
Merchandise and finished goods	9,232	9,385
Work in process	606	638
Raw materials and supplies	2,924	2,980
Deferred tax assets	2,406	2,001
Other	2,082	2,264
Allowance for doubtful accounts	(335)	(328)
Total current assets	51,988	49,342
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,355	22,422
Accumulated depreciation	(12,387)	(12,571)
Buildings and structures, net	9,967	9,851
Machinery, equipment and vehicles	6,153	6,222
Accumulated depreciation	(5,173)	(5,061)
Machinery, equipment and vehicles, net	980	1,161
Tools, furniture and fixtures	16,181	16,229
Accumulated depreciation	(15,252)	(15,302)
Tools, furniture and fixtures, net	929	927
Land	17,031	17,026
Lease assets	356	349
Accumulated depreciation	(192)	(184)
Lease assets, net	163	165
Construction in progress	355	340
Other	9,598	9,717
Accumulated depreciation	(6,237)	(6,052)
Other, net	3,361	3,664
Total property, plant and equipment	32,790	33,137
Intangible assets		
Goodwill	9	41
Software	1,965	1,879
Other	1,324	1,282
Total intangible assets	3,299	3,204
Investments and other assets		
Investment securities	2,260	2,635
Long-term loans receivable	120	115
Deferred tax assets	811	637
Other	3,118	3,082
Allowance for doubtful accounts	(51)	(51)
Total investments and other assets	6,260	6,419
Total noncurrent assets	42,350	42,760
Total assets	94,338	92,102

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,323	9,928
Short-term loans payable	2,586	2,635
Current portion of long-term loans payable	2	2
Income taxes payable	488	203
Provision for bonuses	1,682	887
Provision for directors' bonuses	83	29
Provision for product warranties	34	31
Other	7,482	7,728
Total current liabilities	22,682	21,447
Noncurrent liabilities		
Long-term loans payable	27	27
Net defined benefit liability	2,277	1,979
Other	404	405
Total noncurrent liabilities	2,709	2,412
Total liabilities	25,392	23,859
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	46,837	46,389
Treasury stock	(8,475)	(9,475)
Total shareholders' equity	67,255	65,808
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	629	976
Foreign currency translation adjustment	1,114	1,514
Remeasurements of defined benefit plans	(53)	(56)
Total accumulated other comprehensive income	1,690	2,434
Total net assets	68,946	68,242
Total liabilities and net assets	94,338	92,102

(2) Consolidated quarterly statements of (comprehensive) income**(Consolidated quarterly statements of income)**

	(Millions of yen)	
	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Net sales	19,829	20,501
Cost of sales	8,207	8,225
Gross profit	11,622	12,276
Selling, general and administrative expenses	10,273	10,515
Operating income	1,349	1,761
Non-operating income		
Interest income	40	40
Dividends income	27	24
Foreign exchange gains	-	64
Other	67	62
Total non-operating income	135	191
Non-operating expenses		
Interest expenses	13	16
Foreign exchange losses	20	-
Loss on retirement of noncurrent assets	8	9
Other	4	11
Total non-operating expenses	47	37
Ordinary income	1,437	1,915
Extraordinary income		
Settlement received	-	242
Total extraordinary income	-	242
Income before income taxes	1,437	2,158
Income taxes	636	788
Profit	801	1,369
Profit attributable to owners of parent	801	1,369

(Consolidated quarterly statements of comprehensive income)

	(Millions of yen)	
	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Profit	801	1,369
Other comprehensive income		
Valuation difference on available-for-sale securities	129	347
Foreign currency translation adjustment	(199)	399
Remeasurements of defined benefit plans	21	(2)
Total other comprehensive income	(48)	744
Comprehensive income	752	2,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	752	2,113
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased treasury stock during the current first quarter. As a result, treasury stock increased 999 million yen during the first quarter and amounted to 9,475 million yen at the end of the current first quarter.

(Segment information)

1. Three months ended June 30, 2014 (from April 1, 2014 to June 30, 2014)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	10,889	1,281	4,438	2,857	19,467	362	19,829
Segment income (loss)	1,087	(240)	320	76	1,244	104	1,349

Notes: 1. Real estate business and others includes real estate business, print creating business.

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The Americas U.S. and Canada
- (2) Europe Germany, United Kingdom and France
- (3) Asia China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

2. Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	11,220	1,617	3,969	3,355	20,163	338	20,501
Segment income (loss)	1,465	(58)	220	69	1,696	64	1,761

Notes: 1. Real estate business and others includes real estate business and print creating business.

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The Americas U.S. and Canada
- (2) Europe Germany, United Kingdom and France
- (3) Asia China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

(Subsequent event)

(Purchase of Treasury Stock)

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on July 31, 2015 to purchase treasury stock as described below, pursuant to the provisions of Article 156 of the Corporate Law as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Law.

- | | |
|--|---|
| (1) Reason for purchase of treasury stock: | The Company will conduct the purchase of treasury stock to carry out capital management that allows the Company to respond quickly to changes in the business environment and to distribute earnings to shareholders. |
| (2) Type of shares to be purchased: | Common stock of the Company |
| (3) Number of shares to be purchased: | Up to 220,000 shares |
| (4) Total purchase cost: | Up to 500,000,000 yen |
| (5) Purchase period: | From August 18, 2015 to September 18, 2015 |
| (6) Purchase method: | Purchased on the Tokyo Stock Exchange |