

Consolidated Financial Results
for the Nine 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
 URL: <http://www.riso.co.jp/english/>
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Scheduled date to file Quarterly Report: February 9, 2016
 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 nine months of the fiscal year ending March 31, 2016
(from April 1, 2015 to December 31, 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	%
Nine months ended								
December 31, 2015	61,059	0.2	4,165	(2.5)	4,141	(10.6)	2,707	(12.9)
December 31, 2014	60,952	3.2	4,270	32.6	4,635	21.7	3,110	33.7

Note: Comprehensive Income

Nine months ended December 31, 2015: 2,204 million yen / (55.9)%

Nine months ended December 31, 2014: 5,000 million yen / 20.7%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
December 31, 2015	67.97	–
December 31, 2014	75.36	–

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	%
December 31, 2015	90,740	66,634	73.4
March 31, 2015	94,338	68,946	73.1

Reference: Shareholders' Equity As of December 31, 2015: 66,634 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	–	0.00	–		
Fiscal year ending March 31, 2016 (Forecasts)				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
Fiscal year ending March 31, 2016	85,600	(0.1)	5,900	(13.7)	5,900	(15.7)	4,600	(18.2)	115.93

Note: Revisions to the forecasts in the current quarter: Yes

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 December 31, 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 December 31, 2015	8,223,592 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)

Nine months ended December 31, 2015	39,841,498 shares
Nine months ended December 31, 2014	41,279,624 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 Nine 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 nine months, in the printing equipment business, sales of consumables rose steadily in the inkjet business, whereas sales in the digital duplicating business continued on a downward trend. With the effects of foreign exchange, overall sales remained the same as in the previous year, and operating income declined. Net sales were 61,059 million yen (up 0.2% year on year), operating income was 4,165 million yen (down 2.5% year on year) and ordinary income was 4,141 million yen (down 10.6% year on year). Profit attributable to the owners of parent was 2,707 million yen (down 12.9% year on year).

The average exchange rates during the current consolidated nine months period were 121.70 yen (a 14.83 yen depreciation of the yen year on year) for the US dollar and 134.36 yen (an 5.94 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 of hardware fell below the previous year's level in and outside Japan while sales of consumables increased steadily, and overall net sales remained firm. Sales in the digital duplicating business, on the other hand, continued on a downward trend. Net sales for the printing equipment business were 60,014 million yen (up 0.3% year on year). Operating income was 3,988 million yen (up 1.4% year on year).

Japan

In the inkjet business, hardware sales fell below the previous year's level whereas sales of consumables rose steadily, resulting in higher net sales. In the digital duplicating business, the trend of declining sales is continuing. Net sales were 32,947 million yen (down 1.3% year on year). Operating income was 3,223 million yen (down 8.5% year on year).

The Americas

In the inkjet business, sales of hardware and consumables in North America increased, and net sales exceeded the previous year's level. In the digital duplicating business, the trend of declining sales is continuing. Net sales were 4,658 million yen (up 11.5% year on year), due to the effects of yen depreciation. Operating losses were 165 million yen (in the previous year operating losses were 556 million yen).

Europe

In the inkjet business, whereas sales of consumables rose steadily, sales of hardware in France and the United Kingdom decreased, leading to lower sales compared to the previous year. In the digital duplicating business, sales declined. Partly due to the effects of yen appreciation versus the euro, net sales were 11,537 million yen (down 12.2% year on year) and operating income was 407 million yen (down 54.2% year on year).

Asia

In the inkjet business, sales of both hardware and consumables were strong. In the digital duplicating business, sales increased in some emerging nations, although overall sales declined. Partly due to the effects of yen depreciation, net sales were 10,870 million yen (up 18.9% year on year) and operating income was 523 million yen (up 589.7% year on year).

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 1,045 million yen (down 7.1% year on year), and operating income was 177 million yen (down 47.5% 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 3,598 million yen to 90,740 million yen, while net assets fell 2,311 million yen to 66,634 million yen. As a result, the equity ratio moved up 0.3 points to 73.4%.

The main changes in the assets portion include increases of 940 million yen in cash and deposits, 1,014 million yen in Tools, furniture and fixtures, in contrast to a decrease of 4,066 million yen in notes and accounts receivable-trade. In the liabilities portion, there were decreases of 639 million yen in short-term loans payable and 923 million yen in net defined benefit liability.

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

The consolidated forecasts for the fiscal year ending March 31, 2016, which were released on November 5, 2015, are changed as follows.

Changes to the full-year forecast figures for the fiscal year ending March 31, 2016
(April 1, 2015 to March 31, 2016)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
Previous forecasts	86,100	7,370	7,340	4,810	120.56 yen
Revised forecasts	85,600	5,900	5,900	4,600	115.93 yen
Difference	(500)	(1,470)	(1,440)	(210)	–
Percentage change	(0.6)	(19.9)	(19.6)	(4.4)	–
(Reference) Actual results of the fiscal year ended March 31, 2015	85,674	6,839	6,999	5,624	136.99 yen

Reasons for changes

In order to reflect the operating results for the current nine months and future business environment, full-year net sales, operating income, ordinary income and profit attributable to owners of parent were each revised downwards.

Foreign exchange rates for the full year in the outlook for the projected results are assumed to be 120 yen and 134 yen for the US dollar and the euro, respectively.

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 third 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 December 31, 2015
Assets		
Current assets		
Cash and deposits	14,074	15,014
Notes and accounts receivable-trade	15,877	11,810
Short-term investment securities	5,120	4,821
Merchandise and finished goods	9,232	9,394
Work in process	606	720
Raw materials and supplies	2,924	2,784
Deferred tax assets	2,406	2,084
Other	2,082	2,232
Allowance for doubtful accounts	(335)	(296)
Total current assets	51,988	48,566
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,355	22,375
Accumulated depreciation	(12,387)	(12,933)
Buildings and structures, net	9,967	9,442
Machinery, equipment and vehicles	6,153	6,326
Accumulated depreciation	(5,173)	(5,025)
Machinery, equipment and vehicles, net	980	1,300
Tools, furniture and fixtures	16,181	17,101
Accumulated depreciation	(15,252)	(15,157)
Tools, furniture and fixtures, net	929	1,944
Land	17,031	16,892
Lease assets	356	406
Accumulated depreciation	(192)	(171)
Lease assets, net	163	234
Construction in progress	355	103
Other	9,598	9,720
Accumulated depreciation	(6,237)	(6,057)
Other, net	3,361	3,662
Total property, plant and equipment	32,790	33,579
Intangible assets		
Goodwill	9	91
Software	1,965	1,652
Other	1,324	1,102
Total intangible assets	3,299	2,846
Investments and other assets		
Investment securities	2,260	2,200
Long-term loans receivable	120	55
Deferred tax assets	811	462
Other	3,118	3,078
Allowance for doubtful accounts	(51)	(49)
Total investments and other assets	6,260	5,747
Total noncurrent assets	42,350	42,173
Total assets	94,338	90,740

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	10,323	10,935
Short-term loans payable	2,586	1,947
Current portion of long-term loans payable	2	1
Income taxes payable	488	128
Provision for bonuses	1,682	863
Provision for directors' bonuses	83	72
Provision for product warranties	34	33
Other	7,482	8,205
Total current liabilities	22,682	22,187
Noncurrent liabilities		
Long-term loans payable	27	19
Net defined benefit liability	2,277	1,354
Other	404	544
Total noncurrent liabilities	2,709	1,918
Total liabilities	25,392	24,106
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	46,837	47,728
Treasury stock	(8,475)	(11,175)
Total shareholders' equity	67,255	65,447
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	629	679
Foreign currency translation adjustment	1,114	569
Remeasurements of defined benefit plans	(53)	(62)
Total accumulated other comprehensive income	1,690	1,187
Total net assets	68,946	66,634
Total liabilities and net assets	94,338	90,740

(2) Consolidated quarterly statements of (comprehensive) income

(Consolidated quarterly statements of income)

	(Millions of yen)	
	Third Quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third Quarter ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Net sales	60,952	61,059
Cost of sales	25,259	25,036
Gross profit	35,693	36,023
Selling, general and administrative expenses	31,422	31,857
Operating income	4,270	4,165
Non-operating income		
Interest income	99	79
Dividends income	46	46
Foreign exchange gains	146	-
Other	203	183
Total non-operating income	496	309
Non-operating expenses		
Interest expenses	43	47
Foreign exchange losses	-	205
Loss on retirement of noncurrent assets	51	40
Other	36	39
Total non-operating expenses	131	333
Ordinary income	4,635	4,141
Extraordinary income		
Settlement received	-	243
Gain on sales of investment securities	-	163
Insurance return	33	-
Total extraordinary income	33	406
Extraordinary loss		
Impairment loss	59	157
Dismantlement expenses	-	57
Total extraordinary loss	59	215
Income before income taxes	4,609	4,333
Income taxes	1,498	1,625
Profit	3,110	2,707
Profit attributable to owners of parent	3,110	2,707

(Consolidated quarterly statements of comprehensive income)

	Third Quarter ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Third Quarter ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Profit	3,110	2,707
Other comprehensive income		
Valuation difference on available-for-sale securities	197	50
Foreign currency translation adjustment	1,628	(544)
Remeasurements of defined benefit plans	64	(8)
Total other comprehensive income	1,889	(503)
Comprehensive income	5,000	2,204
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,000	2,204
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 third quarter. As a result, treasury stock increased 2,699 million yen during the third quarter and amounted to 11,175 million yen at the end of the current third quarter.

(Segment information)

1. Third quarter ended December 31, 2014 (from April 1, 2014 to December 31, 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	33,371	4,176	13,133	9,146	59,827	1,125	60,952
Segment income (loss)	3,524	(556)	889	75	3,933	337	4,270

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 AmericasU.S. and Canada
- (2) EuropeGermany, 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. Third quarter ended December 31, 2015 (from April 1, 2015 to December 31, 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	32,947	4,658	11,537	10,870	60,014	1,045	61,059
Segment income (loss)	3,223	(165)	407	523	3,988	177	4,165

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 AmericasU.S. and Canada
- (2) EuropeGermany, 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 January 29, 2016 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 350,000 shares |
| (4) Total purchase cost: | Up to 500,000,000 yen |
| (5) Purchase period: | From February 9, 2016 to March 18, 2016 |
| (6) Purchase method: | Purchased on the Tokyo Stock Exchange |