

Consolidated Financial Results
for the Six Months of the Fiscal Year Ending March 31, 2013
<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: November 13, 2012
 Scheduled date of dividend payment commencement: –
 Preparation of supplementary information on quarterly business results: Yes
 Holding of briefing on quarterly business results: Yes (for analysts, in Japanese)

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

1. Consolidated performance for the six months of the fiscal year ending March 31, 2013
(from April 1, 2012 to September 30, 2012)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2012	35,268	(1.9)	2,203	72.6	2,191	100.1	1,644	62.7
September 30, 2011	35,944	(4.0)	1,276	(31.0)	1,095	(44.0)	1,010	(44.2)

Note: Comprehensive Income

Six months ended September 30, 2012: 722 million yen / -% Six months ended September 30, 2011: (192) million yen / -%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended		
September 30, 2012	69.66	–
September 30, 2011	40.39	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of			
September 30, 2012	86,928	60,581	69.7
March 31, 2012	89,697	61,825	68.9

Reference: Shareholders' Equity As of September 30, 2012: 60,581 million yen As of March 31, 2012: 61,825 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, 2012	–	0.00	–	40.00	40.00
Fiscal year ending March 31, 2013	–	0.00			
Fiscal year ending March 31, 2013 (Forecasts)			–	50.00	50.00

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

3. Forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2013	74,000	(1.1)	4,500	11.1	4,600	6.7	4,300	49.0	183.10

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: Yes
 - Restatement: None

Note: Changes in accounting policies, changes in accounting estimates, and restatement for preparing the quarterly consolidated financial statements described in the section of “Summary of changes in accounting policies, changes in accounting estimates, and restatement”

(4) Number of issued shares (common stock)

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

As of September 30, 2012	25,703,166 shares
As of March 31, 2012	25,703,166 shares

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

As of September 30, 2012	2,338,248 shares
As of March 31, 2012	1,546,848 shares

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

Six months ended September 30, 2012	23,604,549 shares
Six months ended September 30, 2011	25,019,399 shares

* 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 Six Months

(1) Qualitative information regarding consolidated operating results

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

In RISO's consolidated operating results for the current six months, sales in Japan were firm while overall sales, in contrast, fell short of the previous year due to the effect of foreign exchange. As for profit, operating income increased as cost of sales in the inkjet business decreased. As a result, net sales were 35,268 million yen (down 1.9% year on year), operating income was 2,203 million yen (up 72.6% year on year), ordinary income was 2,191 million yen (up 100.1% year on year), and net income amounted to 1,644 million yen (up 62.7% year on year).

The average exchange rates during the current consolidated six months period were 79.41 yen (a 0.41 yen appreciation of the yen year on year) for the US dollar and 100.64 yen (a 13.15 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. Sales went well in the inkjet business, but they decreased in the digital duplicating business. As a result, net sales in the printing equipment business were 34,513 million yen (down 1.9% year on year) due to the impact of foreign exchange rates. Operating income was 1,961 million yen (up 88.2% year on year).

Japan

Although sales decreased in the digital duplicating business, the inkjet business was rose favorably and sales increased. Net sales were 22,491 million yen (up 1.1% year on year) and operating income was 2,493 million yen (up 40.7% year on year).

The Americas

Sales decreased in the digital duplicating business, and the inkjet business was not able to increase its sales. While net sales were 2,263 million yen (down 17.9% year on year), operating losses were 352 million yen (compared with operating losses of 547 million yen in the same period of the previous fiscal year), owing to a reduction in selling, general and administrative expenses.

Europe

Even though both the inkjet and digital duplicating businesses were firm, sales fell short of the previous year due to the impact of foreign exchange rates. Net sales were 5,432 million yen (down 8.3% year on year), and operating losses were 336 million yen (compared with operating loss of 439 million yen in the same period of the previous fiscal year).

Asia

On the back of favorable sales, mainly in China, net sales were 4,325 million yen (up 2.3% year on year). Operating income, however, decreased to 157 million yen (down 38.8% year on year) due to an increase in selling, general and administrative expenses relating to inkjet sales in China.

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, mainly engaged in the print service business.

Net sales in the real estate and others were 754 million yen (down 2.7% year on year), and operating income was 241 million yen (up 3.2% year on year).

(2) Qualitative information regarding 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 2,768 million yen to 86,928 million yen, while net assets declined 1,243 million yen to 60,581 million yen. As a result, the equity ratio moved up 0.8 points to 69.7%.

The main changes in the assets portion include an increase of 1,258 million yen in construction in progress, in contrast to decreases of 1,170 million yen in cash and deposits and 2,811 million yen in notes and accounts receivable-trade. In the liabilities portion, there was an increase of 893 million yen in income taxes payable, in contrast to decreases of 592 million yen in notes and accounts payable-trade and 1,888 million yen in other current liabilities.

(Cash flows)

Net cash provided by operating activities was 3,560 million yen (up 55.1% year on year). This is mainly attributable to income before income taxes and minority interests of 2,213 million yen, depreciation and amortization of 1,138 million yen, a decrease in notes and accounts receivable-trade of 2,412 million yen, an increase in inventories of 734 million yen, a decrease in notes and accounts payable-trade of 219 million yen and a decrease in accounts payable-other of 1,184 million yen.

Net cash used in investing activities was 2,248 million yen (up 254.6% year on year). This is primarily the result of the expenses of 670 million yen for payments into time deposits, 2,227 million yen for the purchase of property, plant and equipment, 381 million yen for the purchase of intangible assets, and proceeds from withdrawal of time deposits of 979 million yen.

Net cash used in financing activities was 1,647 million yen (down 41.1% year on year). The result mainly reflects an expense of 999 million yen for the purchase of treasury stock, payments of 964 million yen for cash dividends and net increase of 354 million yen in short-term loans payable.

(3) Qualitative information regarding forecasts

The consolidated forecasts for the fiscal year ending March 31, 2013, which were released on July 31, 2012, are changed as follows.

Changes to the full-year forecast figures for the fiscal year ending March 31, 2013
(April 1, 2012 to March 31, 2013)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecasts	74,000	3,600	3,500	3,500	149.03 yen
Revised forecasts	74,000	4,500	4,600	4,300	183.10 yen
Difference	–	900	1,100	800	–
Percentage change	–	25.0	31.4	22.9	–
(Reference) Actual results of the fiscal year ended March 31, 2012	74,847	4,050	4,309	2,886	117.40 yen

Reasons for changes

With a reduction in the cost of manufacturing as a result of the dissolution of a joint venture and the assumption of total control of 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 expected to be higher than the previous forecasts.

Foreign exchange rates for the full year in the outlook for the projected results are assumed to be 79 yen and 100 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 for items that are difficult to distinguish from changes in accounting estimates

Following the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012, from the current first quarter.

As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for the current six months have each increased 28 million yen in comparison with the previous method.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	13,377	12,207
Notes and accounts receivable-trade	14,240	11,428
Short-term investment securities	8,731	8,910
Merchandise and finished goods	8,916	9,122
Work in process	548	613
Raw materials and supplies	1,928	1,946
Deferred tax assets	1,400	1,838
Other	1,840	1,530
Allowance for doubtful accounts	(275)	(232)
Total current assets	50,707	47,363
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	17,982	18,135
Accumulated depreciation	(11,853)	(12,041)
Buildings and structures, net	6,129	6,094
Machinery, equipment and vehicles	7,114	7,071
Accumulated depreciation	(6,192)	(6,193)
Machinery, equipment and vehicles, net	921	878
Tools, furniture and fixtures	14,841	14,985
Accumulated depreciation	(14,318)	(14,151)
Tools, furniture and fixtures, net	522	834
Land	16,943	16,943
Lease assets	328	249
Accumulated depreciation	(183)	(108)
Lease assets, net	145	141
Construction in progress	427	1,686
Other	10,964	10,360
Accumulated depreciation	(8,515)	(7,922)
Other, net	2,449	2,438
Total property, plant and equipment	27,540	29,016
Intangible assets		
Goodwill	2,009	1,672
Software	2,303	2,456
Other	2,397	2,013
Total intangible assets	6,709	6,143
Investments and other assets		
Investment securities	1,463	1,228
Long-term loans receivable	239	202
Other	3,142	3,059
Allowance for doubtful accounts	(104)	(85)
Total investments and other assets	4,740	4,405
Total noncurrent assets	38,989	39,565
Total assets	89,697	86,928

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
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
Income taxes payable	290	1,183
Provision for bonuses	1,578	1,607
Provision for directors' bonuses	50	35
Provision for product warranties	93	74
Other	7,235	5,347
Total current liabilities	22,676	21,317
Noncurrent liabilities		
Long-term loans payable	38	36
Deferred tax liabilities	636	597
Provision for retirement benefits	3,691	3,727
Provision for loss on litigation	57	-
Other	771	667
Total noncurrent liabilities	5,195	5,029
Total liabilities	27,872	26,346
Net assets		
Shareholders' equity		
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 shareholders' equity	64,757	64,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(107)	(315)
Foreign currency translation adjustment	(2,825)	(3,538)
Total accumulated other comprehensive income	(2,932)	(3,854)
Total net assets	61,825	60,581
Total liabilities and net assets	89,697	86,928

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

	(Millions of yen)	
	Second Quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	Second Quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Net sales	35,944	35,268
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		
Interest income	82	71
Dividends income	22	21
Other	195	210
Total non-operating income	300	303
Non-operating expenses		
Interest expenses	25	27
Foreign exchange losses	377	218
Other	78	69
Total non-operating expenses	481	315
Ordinary income	1,095	2,191
Extraordinary income		
Gain on transfer of goodwill	228	21
Gain on transfer of business	110	-
Total extraordinary income	338	21
Income before income taxes and minority interests	1,433	2,213
Income taxes	423	569
Income before minority interests	1,010	1,644
Net income	1,010	1,644

(Consolidated quarterly statements of comprehensive income)

	(Millions of yen)	
	Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	Second quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Income before minority interests	1,010	1,644
Other comprehensive income		
Valuation difference on available-for-sale securities	(88)	(208)
Foreign currency translation adjustment	(1,113)	(713)
Total other comprehensive income	(1,202)	(921)
Comprehensive income	(192)	722
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(192)	722
Comprehensive income attributable to minority interests	-	-

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Second quarter ended September 30, 2011 (From April 1, 2011 to September 30, 2011)	Second quarter ended September 30, 2012 (From April 1, 2012 to September 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,433	2,213
Depreciation and amortization	1,135	1,138
Amortization of goodwill	329	333
Increase (decrease) in provision for retirement benefits	56	36
Increase (decrease) in allowance for doubtful accounts	(17)	(42)
Interest and dividends income	(104)	(93)
Interest expenses	25	27
Foreign exchange losses (gains)	85	43
Loss (gain) on transfer of business	(110)	-
Decrease (increase) in notes and accounts receivable-trade	1,754	2,412
Decrease (increase) in inventories	637	(734)
Increase (decrease) in notes and accounts payable-trade	(2,427)	(219)
Increase (decrease) in accounts payable-other	(269)	(1,184)
Other, net	230	(268)
Subtotal	2,759	3,662
Interest and dividends income received	103	91
Interest expenses paid	(26)	(33)
Income taxes paid	(568)	(163)
Income taxes refund	27	2
Net cash provided by (used in) operating activities	2,295	3,560
Net cash provided by (used in) investing activities		
Payments into time deposits	(691)	(670)
Proceeds from withdrawal of time deposits	902	979
Purchase of property, plant and equipment	(429)	(2,227)
Proceeds from sales of property, plant and equipment	10	18
Purchase of intangible assets	(484)	(381)
Payments of loans receivable	(23)	-
Collection of loans receivable	4	1
Proceeds from transfer of business	110	-
Other, net	(34)	31
Net cash provided by (used in) investing activities	(634)	(2,248)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	9	354
Repayment of long-term loans payable	(1)	(1)
Purchase of treasury stock	(1,499)	(999)
Cash dividends paid	(1,262)	(964)
Other, net	(42)	(35)
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

(4) Notes on premise of going concern

No items to report

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

The Company purchased treasury stock during the current second quarter. As a result, treasury stock increased 999 million yen during the second quarter and amounted to 3,011 million yen at the end of the current second quarter.

(6) Segment information

1. Second quarter ended September 30, 2011 (from April 1, 2011 to September 30, 2011)

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	22,254	2,758	5,927	4,228	35,168	775	35,944
Segment income (loss)	1,771	(547)	(439)	257	1,042	233	1,276

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. Second quarter ended September 30, 2012 (from April 1, 2012 to September 30, 2012)

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	22,491	2,263	5,432	4,325	34,513	754	35,268
Segment income (loss)	2,493	(352)	(336)	157	1,961	241	2,203

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.