
**BRIEFING ON BUSINESS
RESULTS
FOR THE SIX MONTHS OF FY 2010**

(From April 1, 2009 to September 30, 2009)

RISO KAGAKU CORPORATION
November 6, 2009



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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 descriptions relating to forecasts

The forecasts in this briefing are based on the best information available at the time; actual results may vary.



Summary of Business Results for the First Half of FY 2010 (1)

Sales down, profits down

- Net Sales
 - Down ¥5,250 million compared to the same period last year.
 - Impact of exchange rates amounted to minus ¥2,770 million
 - Inkjet business (high-speed color printer)
 - Sales expansion of ORPHIS X series promoted growth in the domestic market
 - Represented 27% of consolidated sales.
 - Digital duplicating business (digital printer)
 - Sales decreased in domestic and overseas markets

Summary of Business Results for the First Half of FY 2010 (2)

Sales down, profits down

- Operating Loss
 - Profits decreased by ¥ 1,120 million compared to the same period last year.
 - Impact of exchange rates amounted to minus ¥1,040 million
 - SG&A expenses were reduced but could not offset a decline in gross profit
- Net Loss
 - Profits decreased by ¥ 9,669 million compared to the same period last year.
 - The special premiums incurred as a result of withdrew from the Welfare Pension Fund of Tokyo Bungu Kogyo was recorded approximately ¥ 5,800 million as extraordinary loss.
 - Approx. ¥3,100 million of deferred tax assets were reversed

Performance Overview - First Half of FY 2010 (1)

Consolidated Base

(Millions of Yen)

| | | 1 st Half of FY 2009 | 1 st Half of FY 2010 | Difference: Year-on-Year Base | |
|------------------|----------|------------------------------------|------------------------------------|-------------------------------------|-------------------|
| | | | | Amount | Rate of Change |
| Net Sales | | 42,627 | 37,377 | -5,250 | -12.3% |
| Gross Profit | | 21,193 | 17,638 | -3,554 | -16.8% |
| Operating Income | | 689 | -431 | -1,121 | - |
| Recurring Income | | 883 | -250 | -1,134 | - |
| Net Income | | 192 | -9,476 | -9,669 | - |
| Exchange Rates | Yen/US\$ | 106.11 | 95.49 | | |
| | Yen/EURO | 162.68 | 133.16 | | |



Performance Overview - First Half of FY 2010 (2)

Sales by Business Segment

(Millions of Yen)

| | Printing equipment- related business | Real estate business and others | Total |
|---------------------------------|-----------------------------------------|------------------------------------|--------|
| 1 st Half of FY 2010 | 36,768 | 608 | 37,377 |
| Difference (amt) | -5,299 | 49 | -5,250 |
| Rate of Change (%) | -12.6% | 8.8% | -12.3% |
| 1 st Half of FY 2009 | 42,068 | 559 | 42,627 |



Performance Overview - First Half of FY 2010 (3)

Sales by Region

(Millions of Yen)

| | Americas | Europe | Asia | Japan | Total |
|---------------------------------|----------|---------|--------|--------|--------|
| 1 st Half of FY 2010 | 4,168 | 6,607 | 4,257 | 22,343 | 37,377 |
| Difference (amt) | -1,346 | - 2,575 | -969 | -359 | -5,250 |
| Rate of Change (%) | -24.4% | -28.0% | -18.5% | -1.6% | -12.3% |
| 1 st Half of FY 2009 | 5,515 | 9,182 | 5,226 | 22,703 | 42,627 |



Performance Overview - First Half of FY 2010 (4)

Sales by Region

– Calculated using the exchange rate from the previous year –

(Millions of Yen)

| | Americas | Europe | Asia | Japan | Total |
|--------------------------------|----------|--------|-------|--------|--------|
| 1 st Half of FY2010 | 4,632 | 8,137 | 5,037 | 22,343 | 40,153 |
| Difference (amt) | -883 | -1,045 | -189 | -359 | -2,474 |
| Rate of Change (%) | -16.0% | -11.4% | -3.6% | -1.6% | -5.8% |
| 1 st Half of FY2009 | 5,515 | 9,182 | 5,226 | 22,703 | 42,627 |

| Exchange Rate (average of the period) | 1 US\$ | 1 Euro |
|---------------------------------------|---------|---------|
| 1 st Half of FY2010 | ¥95.49 | ¥133.16 |
| 1 st Half of FY2009 | ¥106.11 | ¥162.68 |



Performance Overview - First Half of FY 2010 (5)

Operating Income by Geographic Area

(Millions of Yen)

| | Americas | Europe | Asia | Japan | Elimination | Total |
|--------------------------------|----------|--------|-------|--------|-------------|--------|
| 1 st Half of FY2010 | -110 | -71 | 284 | -568 | 34 | -431 |
| Difference (amt) | 256 | 407 | -27 | -1,377 | -380 | -1,121 |
| Rate of Change (%) | - | - | -8.7% | - | - | - |
| 1 st Half of FY2009 | -366 | -479 | 311 | 809 | 414 | 689 |

NB: Operating income from the sales to Asian dealers was included in the results for Japan.



Activity Overview - First Half of FY 2010

Main focuses of this term;

Final Year of the 3rd Medium-term Management Plan

■ **Increase the profit through sales of high value-added models**

- Increase market by releasing new models; strengthen direct sales and review policy on sales channels.

■ **Cost reduction by enhancing production efficiency and increasing purchasing power**

- Review overseas production rates, promote in-house manufacturing, enhance overseas procurement rate.

■ **Promote development planning for high value-added models required by the market**

- Review product planning process to rapidly meet customers needs.

■ **Invest expenses intensively in the main focus subjects and trim the others thoroughly**

- Invest expense intensively toward important concerns such as the formulation of key items in the enhancement of performance, the improvement of overseas subsidiary operating results, the development of new products.
- Make a general revision of expenses and implement thorough trimming

Activity Overview - First Half of FY 2010 (1)

■ New products and sales promotions

– Introduction of new products

- Commenced sales of **ORPHIS X7200**
from **May 2009** in Japan
Basic model of high-speed color printers

ORPHIS X series

- **ORPHIS X series** for overseas market

Commenced sales of ComColor series from July in the U.S.

– Solution proposal

- **Propose DM print system by ORPHIS**
in collaboration with variable printing
software in Japan



Activity Overview - First Half of FY 2010 (2)

■ Cost reductions

- Shift manufacturing of RISOGRAPH (one-color digital duplicators) to China
→ 90% production ratio for RISOGRAPH in China
- Enhance efficiency of purchasing center



RISOGRAPH RZ430

■ Other special events:

- On September the 30th, RISO withdrew from the Welfare Pension Fund of Tokyo Bungu Kogyo (Tokyo Stationary Industries), the general pension fund.
The special premiums incurred as a result of withdrawal was recorded approximately ¥ 5,800 million as extraordinary loss.

Forecast for FY 2010

■ Initiatives in the second half of the fiscal term

- Acquire new customers through strengthening product composition
- Streamline sales channels
- Reduce SG&A expenses



Forecast for FY 2010 (1)

(Millions of yen)

| | FY2009 Actual | FY2010 Forecast | Difference: Year-on-Year Base | |
|---------------------------------------|------------------|--------------------|----------------------------------|-------------------|
| | | | Amount | Rate of change |
| Net Sales | 83,774 | 78,700 | -5,074 | -6.1% |
| Operating Income/loss | -913 | -950 | -37 | - |
| Recurring Income/loss | -695 | -550 | 145 | - |
| Net Income/loss | -641 | -10,200 | - 9,559 | - |
| Consolidated ROE | - | - | | |
| Operating Income Margin | - | - | | |
| Exchange Rate (avg. of the period) | Yen/US\$ | 100.54 | 91.00 | |
| | Yen/EURO | 143.48 | 129.00 | |



Forecast for FY 2009 (2) — Precondition —

■ Assumed Exchange Rate

1 US Dollar: 91 Yen

1 Euro : 129 Yen

■ Impact of fluctuating exchange rate (¥1/term)

(when the value of the yen shifts 1 yen in the full term)

| | Net Sales | Operating Income |
|----------|-----------------|------------------|
| Yen/US\$ | 150 million yen | 50 million yen |
| Yen/Euro | 90 million yen | 53 million yen |

Progress of Mid-Term Management Plan

3rd Medium-Term Management Plan “Riso Vision 10”
(Year ending March 31, 2008 – Year ending March 31, 2010)

【Management Objectives】

Gaining new customers is a key issue in both the inkjet and digital duplicating businesses. We aim to achieve the following objectives:

Consolidated sales of over 100 billion yen

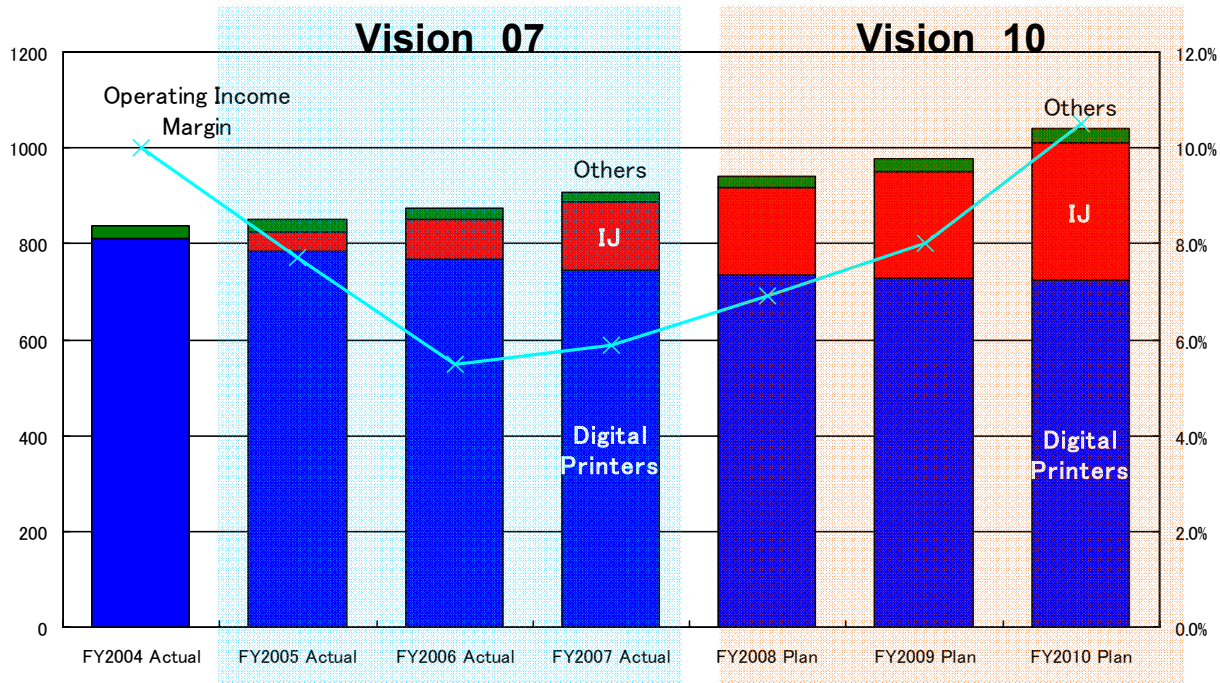
Operating income margin of 10%

【Basic Objectives】

1. Further acceleration of our hardware installation in the inkjet business.
2. Gaining new customers in the digital duplicating business.
3. Creating new businesses that will be part of our future core business.
4. Making investments in the development, engineering, and manufacturing sectors in anticipation of changes in business.
5. Creating a corporate culture that will nurture future leaders.
6. Increasing corporate value through the promotion of CSR* activities.

*Corporate Social Responsibility

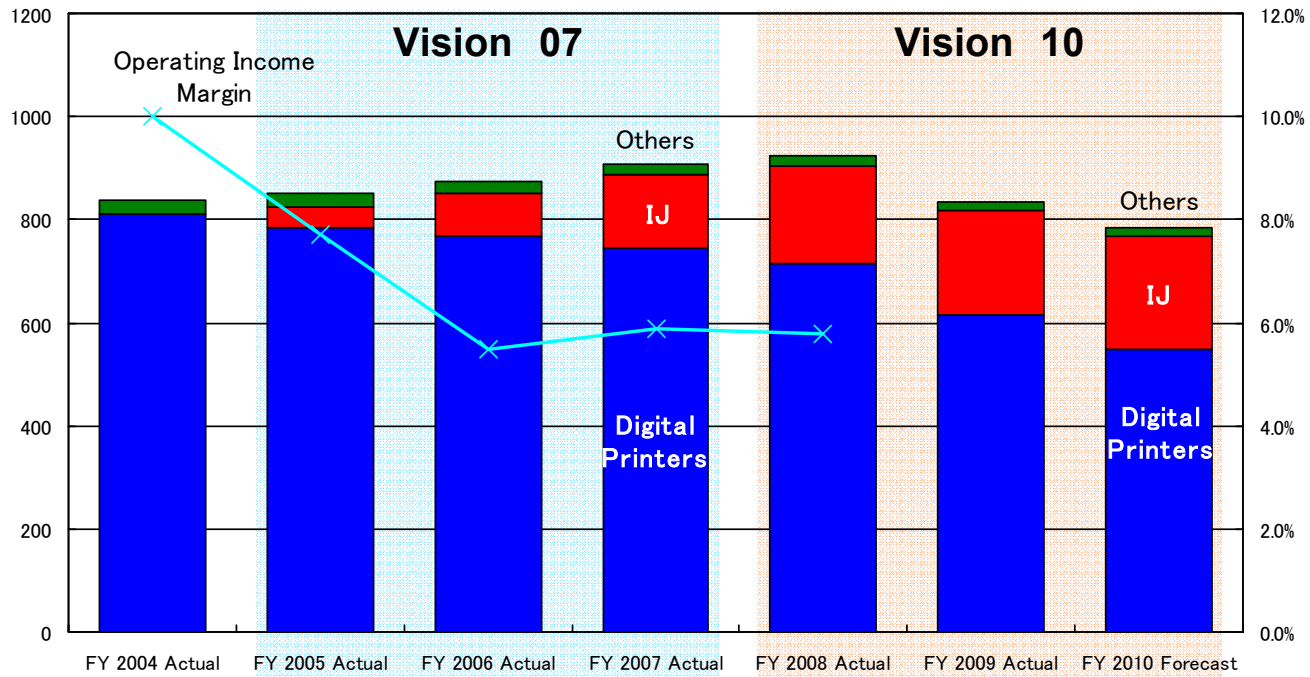
3rd Mid-Term Management Plan “Riso Vision 10” –Original Plan–



| | | | |
|------|--------|--------|--------|
| US\$ | 113.00 | 113.00 | 113.00 |
| Euro | 152.00 | 152.00 | 152.00 |



3rd Mid-Term Management Plan “Riso Vision 10” –Current Forecast



| | | | |
|-------|--------|--------|--------|
| US \$ | 114.28 | 100.54 | 91.00 |
| EURO | 161.53 | 143.48 | 129.00 |