

Supplementary Information of Consolidated Financial Result for the Six Months of the FY2010

(April 1, 2009 – September 30, 2009)

November 6, 2009

RISO KAGAKU CORPORATION

1. Sales Performance (Consolidated Data)

(unit: millions of yen, %)

	six months ended September 30, 2008			six months ended September 30, 2009			Change			Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Year- on- year	Impact of exchange rate	
Total sales	42,627	100.0	1.19	37,377	100.0	1.19	(5,250)	(12.3)	(2,776)	Decrease in revenue of 5.8%, not taking the exchange rate into account.
Printing equipment-related business	42,068	98.7	1.20	36,768	98.4	1.19	(5,299)	(12.6)	(2,776)	
Japan	22,144	51.9	1.00	21,735	58.2	1.00	(408)	(1.8)	—	•IJ business continued to show positive results, while the digital duplicating business continued on a downward trend.
Overseas	19,924	46.7	1.52	15,033	40.2	1.64	(4,890)	(24.5)	(2,776)	•Decrease of 10.6%, not taking the exchange rate into account.
Americas	5,515	12.9	1.77	4,168	11.1	1.59	(1,346)	(24.4)	(466)	•The digital duplicating business continued on a downward trend. •Sales decreased by 16.0%, not taking the exchange rate into account.
Europe	9,182	21.5	1.36	6,607	17.7	1.76	(2,575)	(28.0)	(1,529)	•The digital duplicating business continued on a downward trend. •Sales decreased by 11.4%, not taking the exchange rate into account.
Asia	5,226	12.3	1.61	4,257	11.4	1.52	(969)	(18.5)	(781)	•Sales decreased by 3.5%, not taking the exchange rate into account.
Real estate business and others	559	1.3	1.02	608	1.6	1.02	49	8.8	—	•Met targets.

●Exchange Rate (average of the period)

(units: yen)

	1st Half of FY2009	six months ended September 30, 2009
One dollar	106.11	95.49
One euro	162.68	133.16

2. Statements of Income Results (Consolidated Data)

(unit: millions of yen, %)

	six months ended September 30, 2008			six months ended September 30, 2009			Change		Remarks
	Amount	Breakdown	Consolidated/ non-consolidated	Amount	Breakdown	Consolidated/ non-consolidated	Amount	Rate of change	
Net sales	42,627	100.0	1.19	37,377	100.0	1.19	(5,250)	(12.3)	• Impact of foreign exchange rate: minus 2,770 million yen.
Cost of sales	21,434	50.3	1.02	19,738	52.8	1.04	(1,695)	(7.9)	
Gross profit	21,193	49.7	1.44	17,638	47.2	1.43	(3,554)	(16.8)	
Selling, general and administrative expenses	20,504	48.1	1.47	18,070	48.3	1.39	(2,433)	(11.9)	• Personnel expenses fell 10.9%; general expenses rose 12.9%.
Operating income	689	1.6	0.89	(431)	(1.2)	—	(1,121)	—	• Impact of foreign exchange rate: minus 1,040 million yen.
Non-operating income	605	1.4		603	1.6		(1)	(0.3)	
Interest income	160			87					
Dividends income	23			22					
Equity in earnings of affiliates	159			359					
Others	260			133					
Non-operating expenses	410	1.0		421	1.1		11	2.7	
Interest expenses	242			63					
Foreign exchange losses	88			202					
Loss on retirement of noncurrent assets	—			136					
Others	79			19					
Ordinary income	883	2.1	0.85	(250)	(0.7)	—	(1,134)	—	
Extraordinary income	—			28					
Extraordinary loss	—			5,903					
Income before income taxes and minority interests	883	2.1		(6,125)	(16.4)		(7,009)	—	
Net income	192	0.5	—	(9,476)	(25.4)	—	(9,669)	—	
Capital expenditure	2,870			3,075			204	7.1	
Depreciation	2,438			2,608			169	7.0	
Number of employees	3,335		1.99	3,261		1.90	(74)	(2.2)	• A decrease of 47 employees in Americas. • A decrease of 67 employees in Europe. • An increase of 12 employees in Asia. • The number of Riso Kagaku Corporation employees alone was 1,718, an increase of 43 staff.
● Breakdown of key selling, general and administrative expenses									
Sales promotion fees	471			530			59	12.6	
Advertisement expenses	522			403			(119)	(22.8)	
Reserch and development expenses	2,598			2,324			(274)	(10.5)	

3. Balance Sheet Results (Consolidated Data)

(unit: millions of yen, %)

	As of March 31, 2009 (Summary)			As of September 30, 2009			Change		Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Rate of change	
Current assets	54,797	56.2	1.39	49,146	55.0	1.40	(5,651)	(10.3)	
Cash and deposits	20,583			19,032			(1,550)		
Notes and accounts receivable-trade	13,900			11,741			(2,158)		
Short-term investment securities	3,281			3,819			537		
Merchandise and finished goods	11,871			11,146			(724)		
Work in process	812			371			(440)		
Raw materials and supplies	1,345			1,259			(85)		
Deferred tax assets	745			2			(743)		
Other	2,556			2,128			(427)		
Allowance for doubtful accounts	(298)			(356)			(57)		
Noncurrent assets	42,647	43.8	0.86	40,237	45.0	0.85	(2,409)	(5.6)	
Property, plant and equipment	32,492	33.3	1.04	32,418	36.3	1.03	(73)	(0.2)	
Buildings and structures, net	7,344			7,128			(215)		
Machinery, equipment and vehicles, net	1,299			1,203			(96)		
Tools, furniture and fixtures, net	1,787			1,745			(42)		
Land	18,053			18,053			0		
Lease assets, net	237			209			(27)		
Construction in progress	98			116			17		
Other, net	3,672			3,963			290		
Intangible assets	2,307	2.4	1.11	2,183	2.4	1.01	(124)	(5.4)	
Software	1,971			1,868			(102)		
Other	336			314			(22)		
Investments and other assets	7,846	8.1	0.48	5,635	6.3	0.40	(2,210)	(28.2)	
Investment securities	1,718			1,745			27		
Long-term loans receivable	160			210			50		
Deferred tax assets	2,193			—			(2,193)		
Other	4,019			3,867			(151)		
Allowance for doubtful accounts	(245)			(188)			57		
Total assets	97,444	100.0	1.09	89,384	100.0	1.08	(8,060)	(8.3)	

3. Balance Sheet Results (Consolidated Data)

(unit : millions of yen, %)

	As of March 31, 2009 (Summary)			As of September 30, 2009			Change		Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Rate of change	
Current liabilities	26,972	27.7	1.39	29,283	32.8	1.32	2,311	8.6	
Notes and accounts payable-trade	14,311			11,868			(2,442)		
Short-term loans payable	5,368			5,243			(124)		
Current portion of long-term loans payable	9			9			0		
Income taxes payable	99			264			165		
Provision for bonuses	1,470			1,262			(208)		
Provision for product warranties	137			125			(12)		
Other	5,575			10,509			4,934		
Noncurrent liabilities	4,988	5.1	0.74	5,279	5.9	0.77	291	5.8	
Long-term loans payable	83			79			(3)		
Provision for retirement benefits	3,278			3,436			157		
Provision for directors' retirement benefits	242			–			(242)		
Provision for loss on litigation	–			64			64		
Other	1,384			1,699			315		
Total liabilities	31,960	32.8	1.22	34,563	38.7	1.19	2,603	8.1	
Shareholders' equity	66,325	68.1	1.06	56,077	62.7	1.05	(10,247)	(15.5)	
Capital stock	14,114			14,114			–		
Capital surplus	14,779			14,779			(0)		
Retained earnings	38,816			28,569			(10,247)		
Treasury stock	(1,386)			(1,386)			(0)		
Valuation and translation adjustments	(1,020)	(1.0)	–	(1,256)	(1.4)	–	(235)	23.1	
Valuation difference on available-for-sale securities	304			330			26		
Foreign currency translation adjustment	(1,324)			(1,586)			(261)		
Minority interests	179	0.2	–	–		–	(179)		
Total net assets	65,484	67.2	1.04	54,820	61.3	1.02	(10,663)	(16.3)	
Total liabilities and net assets	97,444	100.0	1.09	89,384	100.0	1.08	(8,060)	(8.3)	

4. Statements of Cash Flow (1)

(unit: millions of yen)

	six months ended September 30, 2008	six months ended September 30, 2009	Remarks	FY2009 (Year ended Mar. 31, 2009) (Summary)
	Amount	Amount		Amount
I Net cash provided by (used in) operating activities				
Income(loss) before income taxes and minority interests	883	(6,125)		704
Depreciation and amortization	1,291	1,467		2,947
Depreciation of goodwill	—	—		(4)
Equity in (earnings) losses of affiliates	(159)	(359)		(310)
Increase (decrease) in provision for retirement benefits	65	157		493
Increase (decrease) in provision for directors' retirement benefits	19	(70)		12
Increase (decrease) in provision for directors' bonuses	(15)	—		(28)
Increase (decrease) in allowance for doubtful accounts	(9)	(2)		33
Increase (decrease) in provision for loss on litigation	—	67		—
Interest and dividends income	(184)	(110)		(329)
Gain on maturity of insurance contract	—	—		(1,820)
Interest expenses	242	63		438
Foreign exchange losses (gains)	5	(28)		667
Loss (gain) on valuation of investment securities	—	—		83
Decrease (increase) in notes and accounts receivable-trade	3,062	2,034		1,733
Decrease (increase) in inventories	(1,473)	1,057		(2,095)
Increase (decrease) in notes and accounts payable-trade	(207)	(2,256)		885
Increase (decrease) in accounts payable-other	(598)	5,212		(309)
Other, net	(291)	(264)		197
Subtotal	2,630	841		3,298
Interest and dividends income received	186	112		411
Interest expenses paid	(242)	(63)		(441)
Income taxes paid	(818)	(156)		(1,183)
Income taxes refund	—	152		—
Net cash provided by (used in) operating activities	1,756	885		2,084

4. Statements of Cash Flow (2)

(unit: millions of yen)				
	six months ended September 30, 2008	six months ended September 30, 2009	Remarks	FY2009 (Year ended Mar. 31, 2009) (Summary)
	Amount	Amount		Amount
II Net cash provided by (used in) investing activities				
Payments into time deposits	(1)	(442)		(31)
Proceeds from withdrawal of time deposits	256	315		536
Purchase of short-term investment securities	—	—		(3)
Proceeds from sales of short-term investment securities	—	—		300
Purchase of property, plant and equipment	(575)	(764)		(2,088)
Purchase of intangible assets	(492)	(317)		(1,028)
Purchase of investment securities	—	—		(136)
Proceeds from sales of investment securities	2	—		5,500
Payments of loans receivable	(15)	(125)		(27)
Collection of loans receivable	37	67		164
Proceeds from maturity of insurance funds	—	—		3,447
Other, net	(17)	131		(458)
Net cash provided by (used in) investing activities	(805)	(1,133)		6,174
III Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	111	161		444
Proceeds from long-term loans payable	4	—		2
Repayment of long-term loans payable	(5)	(4)		(17)
Redemption of bonds	—	—		(13,325)
Purchase of treasury stock	(244)	—		(665)
Repayments of lease obligations	—	—		(121)
Cash dividends paid	(1,047)	(769)		(1,049)
Other, net	(0)	(52)		(0)
Net cash provided (used in) financing activities	(1,182)	(665)		(14,733)
IV Effect of exchange rate change on cash and cash equivalents	(47)	(185)		(707)
V Net increase (decrease) in cash and cash equivalents	(279)	(1,099)		(7,181)
VI Cash and cash equivalents at beginning of period	30,427	23,246		30,427
VII Cash and cash equivalents at end of period	30,148	22,146		23,246

5. Financial Results for six months of FY2010 (ended Sep. 30, 2009) and Forecast for FY2010 (year ending Mar. 31, 2010)

Consolidated, six months of the year

	Result (2008/09)		Result (2009/09)			
	FY2009 (Year ended Mar. 31, 2009)		FY2010 (Year ending Mar. 31, 2010)			
	Amount	Consolidated/ non-consolidated	Amount	Breakdown	Consolidated/ non-consolidated	Year-on-year
Total sales	42,627	1.19	37,377	100.0	1.19	(12.3)
Printing equipment-related business	42,068	1.20	36,768	98.4	1.19	(12.6)
Japan	22,144	1.00	21,735	58.2	1.00	(1.8)
Overseas	19,924	1.52	15,033	40.2	1.64	(24.5)
Americas	5,515	1.77	4,168	11.1	1.59	(24.4)
Europe	9,182	1.36	6,607	17.7	1.76	(28.0)
Asia	5,226	1.61	4,257	11.4	1.52	(18.5)
Real estate business and others	559	1.02	608	1.6	1.02	8.8
Operating income (loss)	689	0.89	(431)	(1.2)	1.01	—
Ordinary income (loss)	883	0.85	(250)	(0.7)	0.63	—
Net income (loss)	192	(2.70)	(9,476)	(25.4)	1.09	—
Capital expenditure	2,870	—	3,075	8.2	—	7.1
Depreciation	2,438	—	2,608	7.0	—	7.0
Closing rate	Average exchange rate for the period 106.11 yen against dollar, 162.68 yen against euro		Average exchange rate for the period 95.49 yen against dollar, 133.16 yen against euro			

Consolidated, full-year

	Result (2009/03)		Forecasts (2010/03)			
	FY2009 (Year ended Mar. 31, 2009)		FY2010 (Year ending Mar. 31, 2010)			
	Amount	Consolidated/ non-consolidated	Amount	Breakdown	Consolidated/ non-consolidated	Year-on-year
Total sales	83,774	1.22	78,700	100.0	1.19	(6.1)
Printing equipment-related business	82,604	1.23	77,425	98.4	1.19	(6.3)
Japan	46,627	1.00	45,719	58.1	1.01	(1.9)
Overseas	35,976	1.72	31,706	40.3	1.61	(11.9)
Americas	9,910	2.13	8,930	11.3	1.59	(9.9)
Europe	16,086	1.56	14,242	18.1	1.66	(11.5)
Asia	9,979	1.68	8,534	10.8	1.54	(14.5)
Real estate business and others	1,170	1.02	1,276	1.6	1.08	9.1
Operating income (loss)	(913)	0.70	(950)	(1.2)	0.46	—
Ordinary income (loss)	(695)	0.48	(550)	(0.7)	0.26	—
Net income (loss)	(641)	0.15	(10,200)	(13.0)	1.01	—
Capital expenditure	5,591	—	6,000	7.6	—	7.3
Depreciation	5,440	—	6,000	7.6	—	10.3
Closing rate	Average exchange rate for the period 100.54 yen for dollar, 143.48 yen for euro		Average exchange rate for the period 91.00 yen for dollar, 129.00 yen for euro			

Non-consolidated, six months of the year

	Result (2008/09)		Result (2009/09)		
	FY2009 (Year ended Mar. 31, 2009)		FY2010 (Year ending Mar. 31, 2010)		
	Amount	Amount	Breakdown	Year-on-year	
Total sales	35,728	31,406	100.0	(12.1)	
Printing equipment-related business	35,179	30,812	98.1	(12.4)	
Japan	22,065	21,635	68.9	(1.9)	
Overseas	13,114	9,177	29.2	(30.0)	
Americas	3,119	2,616	8.3	(16.1)	
Europe	6,750	3,753	11.9	(44.4)	
Asia	3,244	2,809	8.9	(13.4)	
Real estate business and others	550	595	1.9	8.2	
Operating income (loss)	776	(426)	(1.4)	—	
Ordinary income (loss)	1,039	(398)	(1.3)	—	
Net income (loss)	(71)	(8,701)	(27.7)	—	

Non-consolidated, full-year

	Result (2009/03)		Forecasts (2010/03)		
	FY2009 (Year ended Mar. 31, 2009)		FY2010 (Year ending Mar. 31, 2010)		
	Amount	Amount	Breakdown	Year-on-year	
Total sales	68,461	66,300	100.0	(3.2)	
Printing equipment-related business	67,314	65,119	98.2	(3.3)	
Japan	46,448	45,430	68.5	(2.2)	
Overseas	20,866	19,689	29.7	(5.6)	
Americas	4,647	5,601	8.4	20.5	
Europe	10,285	8,562	12.9	(16.8)	
Asia	5,934	5,527	8.3	(6.9)	
Real estate business and others	1,147	1,180	1.8	2.9	
Operating income (loss)	(1,300)	(2,050)	(3.1)	—	
Ordinary income (loss)	(1,433)	(2,100)	(3.2)	—	
Net income (loss)	(4,225)	(10,100)	(15.2)	—	