

Supplementary Information of Consolidated Financial Result for the Six Months of the FY2009

(April 1, 2008 – September 30, 2008)

November 7, 2008

RISO KAGAKU CORPORATION

1. Sales Performance (Consolidated Data)

(unit: millions of yen, %)

	1st Half of FY2008 (Summary)			six months ended September 30, 2008			Change			Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Year- on- year	Impact of exchange rate	
Total sales	43,535	100.0	1.23	42,627	100.0	1.19	(907)	(2.1)	(1693)	Increase in revenue of 1.8%, not taking the exchange rate into account.
Printing equipment-related business	42,979	98.7	1.23	42,068	98.7	1.20	(910)	(2.1)	(1693)	
Japan	21,562	49.5	1.00	22,144	51.9	1.00	581	2.7	—	•IJ business continued to show positive results, while the digital duplicating business continued on a downward trend.
Overseas	21,416	49.2	1.60	19,924	46.7	1.52	(1492)	(7.0)	(1693)	•Increase of 1.0%, not taking the exchange rate into account.
Americas	6,218	14.3	1.55	5,515	12.9	1.77	(703)	(11.3)	(687)	•The IJ business increased, making up for the decline in the digital duplicating business, but subject to exchange rates. Decrease of 0.3%, not taking the exchange rate into account.
Europe	9,821	22.6	1.71	9,182	21.5	1.36	(638)	(6.5)	(423)	•Sales increased in IJ business, but overall sales dropped due to decline in digital duplicating business. Sales dropped by 2.2%, not taking the exchange rate into account.
Asia	5,376	12.3	1.49	5,226	12.3	1.61	(149)	(2.8)	(583)	•Results in markets including Southeast Asia, China, and India met their targets in the digital duplicating business. •Sales increased by 8%, not taking the exchange rate into account.
Real estate business and others	556	1.3	1.02	559	1.3	1.02	3	0.6	—	•Met targets.

●Exchange Rate (average of the period)

(units: yen)

	1st Half of FY2008	six months ended September 30, 2008
One dollar	119.33	106.11
One euro	162.30	162.68

2. Statements of Income Results (Consolidated Data)

(unit: millions of yen, %)

	1st Half of FY2008 (Summary)			six months ended September 30, 2008			Change		Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Rate of change	
Net sales	43,535	100.0	1.23	42,627	100.0	1.19	(907)	(2.1)	• Impact of foreign exchange rate: minus 1700 million yen.
Cost of sales	20,954	48.1	1.06	21,434	50.3	1.02	479	2.3	
Gross profit	22,580	51.9	1.46	21,193	49.7	1.44	(1,387)	(6.1)	
Selling, general and administrative expenses	20,300	46.6	1.52	20,504	48.1	1.47	203	1.0	• Personnel expenses rose 1.2%; general expenses rose 0.8%.
Operating income	2,279	5.2	1.05	689	1.6	0.89	(1,590)	(69.8)	• Impact of foreign exchange rate: minus 300 million yen.
Non-operating income	448	1.0		605	1.4		157	35.0	
Interest income	162			184					
Equity in earnings of affiliates	29			159					
Others	255			260					
Non-operating expenses	369	0.8		410	1.0		41	11.1	
Interest expenses	299			242					
Foreign exchange losses	3			88					
Others	66			79					
Ordinary income	2,358	5.4	0.98	883	2.1	0.85	(1,474)	(62.5)	
Extraordinary gain	—	—		—	—				
Extraordinary loss	—	—		—	—				
Income before income taxes and minority interests	2,358	5.4		883	2.1		(1,474)	(62.5)	
Net income	1,321	3.0	4.42	192	0.5	—	(1,128)	(85.4)	
Capital expenditure	2,833	—	1.11	2,870	—	—	37	1.3	
Depreciation	2,547	—	1.32	2,438	—	—	(109)	(4.3)	
Number of employees	3,248		2.00	3,335		1.99	87	2.7	• An increase of 29 employees in Europe. • The number of Riso Kagaku Corporation employees alone was 1,675, an increase of 54 staff.
● Breakdown of key selling, general and administrative expenses									
Sales promotion fees	744			471			(273)	(36.7)	
Advertisement expenses	699			522			(176)	(25.2)	
Reserch and development expenses	2,122			2,598			476	22.4	

3. Balance Sheet Results (Consolidated Data)

(unit: millions of yen, %)

	As of March 31, 2008 (Summary)			As of September 30, 2008			Change		Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Rate of change	
Current assets	70,381	61.3	1.30	68,546	60.4	1.29	(1,834)	(2.6)	
Cash and deposits	24,913			27,016			2,103		•Increase owing to sales of securities and collection of accounts receivable.
Notes and accounts receivable-trade	16,147			13,327			(2,820)		•Fell due to seasonal factors
Short-term investment securities	12,273			9,912			(2,361)		•A portion of securities was sold.
Inventories	12,977			14,249			1,272		•Inventory at the European subsidiaries and Riso Kagaku increased.
Deferred tax assets	2,670			2,583			(87)		
Others	1,709			1,712			3		
Allowance for doubtful accounts	△ 311			△ 256			55		
Noncurrent assets	44,413	38.7	0.86	44,989	39.6	0.89	576	1.3	
Property, plant and equipment	33,014	28.8	1.05	33,198	29.2	1.05	183	0.6	
Buildings and structures, net	7,676			7,496			(179)		
Machinery, equipment and vehicles, net	1,655			1,543			(112)		
Tools, furniture and fixtures, net	1,497			1,873			375		•Invested in molds, etc.
Land	18,053			18,053			(0)		
Others	4,131			4,231			99		
Intangible assets	2,309	2.0	1.11	2,256	2.0	1.03	(52)	(2.3)	
Software	1,807			1,808			1		
Others	501			448			(53)		
Investments and other assets	9,089	7.9	0.49	9,535	8.4	0.57	445	4.9	
Investment securities	2,279			2,054			(224)		
Long-term loans receivable	299			281			(17)		
Deferred tax assets	1,217			1,249			32		
Others	5,559			6,254			695		
Allowance for doubtful accounts	△ 265			△ 305			(40)		
Total assets	114,795	100.0	1.08	113,536	100.0	1.10	(1,258)	(1.1)	

3. Balance Sheet Results (Consolidated Data)

(unit: millions of yen, %)

	As of March 31, 2008 (Summary)			As of September 30, 2008			Change		Remarks
	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Breakdown	Consolidated/ non- consolidated	Amount	Rate of change	
Current liabilities	41,472	36.1	1.24	40,601	35.8	1.25	(871)	(2.1)	
Notes and accounts payable-trade	14,205			13,910			(294)		
Short-term loans payable	5,389			5,545			155		
Current portion of long-term loans payable	9			9			(0)		
Current portion of convertible bonds	13,286			13,286			-		
Income taxes payable	942			718			(224)		
Provision for bonuses	1,559			1,573			13		
Provision for directors' bonuses	28			12			(15)		
Provision for product warranties	125			135			9		
Others	5,925			5,409			(515)		
Noncurrent liabilities	3,526	3.1	1.07	4,761	4.2	1.50	1,235	35.0	
Convertible bonds	-			-			-		
Long-term loans payable	98			97			(1)		
Provision for retirement benefits	2,785			2,851			65		
Provision for directors' retirement benefits	229			249			19		
Others	412			1,564			1,151		
Total liabilities	44,998	39.2	1.23	45,362	40.0	1.27	364	0.8	
Shareholders' equity	68,815	59.9	1.00	67,580	59.5	1.00	(1,234)	(1.8)	
Capital stock	14,114			14,114			-		
Capital surplus	14,779			14,779			(0)		
Retained earnings	43,131			39,651			(3,480)		•Decreased due to the retirement of treasury stocks.
Treasury stock	(3,210)			(965)			2,245		•Retired 1.41 million treasury stocks; executed on July 1, 2008.
Total valuation and translation adjustments	815	1	1	411	0.4	0.67	(403)	(49.5)	
Valuation difference on available-for-sale securities	831			617			(213)		•Evaluation loss of investment securities and others.
Foreign currency translation adjustments	(16)			(205)			(189)		
Minority interests	165	0	-	181	0.2	-	15	9.2	
Total net assets	69,796	60.8	1.00	68,173	60.0	1.00	(1,622)	(2.3)	
Total liabilities and net assets	114,795	100.0	1.08	113,536	100.0	1.10	(1,258)	(1.1)	

4. Statements of Cash Flow (1)

(unit: millions of yen)

	1st Half of FY2008 (Summary)	six months ended September 30, 2008	Remarks	FY2008 (Year ended Mar. 31, 2008) (Summary)
	Amount	Amount		Amount
I Net Cash provided by (used in) operating activities				
Income before income taxes and minority interests	2,358	883		4,370
Depreciation and amortization	1,351	1,291		2,772
Depreciation of goodwill	25	—		141
Equity in (earnings) losses of affiliates	(29)	(159)		(79)
Increase (decrease) in provision for retirement benefits	(119)	65		(325)
Increase (decrease) in provision for directors' retirement benefits	(80)	19		(61)
Increase (decrease) in provision for directors' bonuses	(34)	(15)		(21)
Increase (decrease) in allowance for doubtful accounts	(23)	(9)		(391)
Interest and dividends income	(162)	(184)		(384)
Interest expenses	299	242		579
Foreign exchange losses (gains)	(50)	5		36
Compensation payments	—	—		339
Decrease (increase) in notes and accounts receivable-trade	3,100	3,062		994
Decrease (increase) in inventories	(1,052)	(1,473)		(31)
Increase (decrease) in notes and accounts payable-trade	(698)	(207)		(477)
Increase (decrease) in notes and accounts payable-other	(446)	(598)		(25)
Others, net	(270)	(291)		201
Subtotal	4,165	2,630		7,637
Interest and dividends received	156	186		383
Interest expenses paid	(300)	(242)		(583)
Compensation paid	—	—		(339)
Income taxes paid	(1,415)	(818)		(2,605)
Net cash provided by (used in) operating activities	2,606	1,756		4,491

4. Statements of Cash Flow (2)

(unit: millions of yen)				
	1st Half of FY2008 (Summary)	six months ended September 30, 2008	Remarks	FY2008 (Year ended Mar. 31, 2008) (Summary)
	Amount	Amount		Amount
II Net cash provided by (used in) investment activities				
Payments into time deposits	(1,727)	(1)		(1,881)
Proceeds from withdrawal of time deposits	0	256		1,504
Payments for purchase of marketable securities	—	—		(300)
Proceeds from sale of marketable securities	3,995	—		4,495
Purchase of property, plant and equipment	(993)	(575)		(4,699)
Purchase of intangible assets	(315)	(492)		(786)
Payments for purchase of investment securities	(3,003)	—		(3,012)
Proceeds from sale of investment securities	—	2		509
Payments of loans receivable	(123)	(15)		(168)
Collection of loans receivable	48	37		69
Others, net	27	(17)		(219)
Net cash provided by (used in) investment activities	(2,092)	(805)		(4,489)
III Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	(630)	111		403
Proceeds from long-term loans payable	24	4		24
Repayment of long-term loans payable	(17)	(5)		(24)
Payments for redemption of corporate bonds	(816)	—		(816)
Purchase of treasury stock	—	(244)		(341)
Cash dividends paid	(1,057)	(1,047)		(1,058)
Others, net	(0)	(0)		(0)
Net cash provided (used in) financing activities	(2,498)	(1,182)		(1,814)
IV Effect of exchange rate changes on cash and cash equivalents	76	(47)		(427)
V Increase (decrease) in cash and cash equivalents	(1,907)	(279)		(2,239)
VI Cash and cash equivalents, beginning of year	32,667	30,427		32,667
VII Cash and cash equivalents, end of year	30,759	30,148		30,427

5. Financial Results for six months of FY2009 (ended Sept. 30, 2008) and Forecast for FY2009 (year ending Mar. 31, 2009)

Consolidated, six months of the year

	Result (2007/09)		Result(2008/09)			
	FY2008 (Year ended Mar. 31, 2008)		FY2009 (Year ending Mar. 31, 2009)			
	Amount	Consolidated/ non-consolidated	Amount	Breakdown	Consolidated/ non-consolidated	Year-on-year
Total sales	43,535	1.23	42,627	100.0	1.19	(2.1)
Printing equipment-related business	42,979	1.23	42,068	98.7	1.20	(2.1)
Japan	21,562	1.00	22,144	51.9	1.00	2.7
Overseas	21,416	1.60	19,924	46.7	1.52	(7.0)
Americas	6,218	1.55	5,515	12.9	1.77	(11.3)
Europe	9,821	1.71	9,182	21.5	1.36	(6.5)
Asia	5,376	1.49	5,226	12.3	1.61	(2.8)
Real estate business and others	556	1.02	559	1.3	1.02	0.5
Operating income	2,279	1.05	689	1.6	0.89	(69.8)
Recurring income	2,358	0.98	883	2.1	0.85	(62.5)
Net income	1,321	4.42	192	0.5	(2.70)	(85.4)
Capital expenditure	2,833	1.17	2,870		1.18	1.3
Depreciation	2,547	1.29	2,438		1.29	(4.3)
Closing rate	Average exchange rate for the period 119.33 yen against dollar, 162.30 yen against euro		Average exchange rate for the period 106.11 yen against dollar, 162.68 yen against euro			

Consolidated, full-year

	Result (2008/03)		Forecasts (2009/03)			
	FY2008 (Year ended Mar. 31, 2008)		FY2009 (Year ending Mar. 31, 2009)			
	Amount	Consolidated/ non-consolidated	Amount	Breakdown	Consolidated/ non-consolidated	Year-on-year
Total sales	92,621	1.23	89,400	100.0	1.21	(3.5)
Printing equipment-related business	91,508	1.23	88,250	98.7	1.22	(3.6)
Japan	47,135	1.00	47,300	52.9	1.01	0.4
Overseas	44,373	1.62	40,950	45.8	1.60	(7.7)
Americas	12,133	1.75	11,300	12.6	1.91	(6.9)
Europe	21,528	1.56	19,200	21.5	1.48	(10.8)
Asia	10,711	1.59	10,450	11.7	1.58	(2.4)
Real estate business and others	1,112	1.02	1,150	1.3	1.05	3.4
Operating income	5,397	1.22	1,360	1.5	1.55	(74.8)
Recurring income	4,709	1.19	3,110	3.5	1.13	(34.0)
Net income	1,657	△ 10.62	1,500	1.7	1.72	(9.5)
Capital expenditure	8,278		7,200	8.1		(13.0)
Depreciation	5,452		6,000	6.7		10.1
Closing rate	Average exchange rate for the period 114.28 yen for dollar, 161.53 for euro		Average exchange rate for the period 103.00 yen for dollar, 150.00 yen for euro			

Non-consolidated, six months of the year

	Result (2007/09)		Result(2008/09)		
	FY2008 (Year ended Mar. 31, 2008)		FY2009 (Year ending Mar. 31, 2009)		
	Amount		Amount	Breakdown	Year-on-year
Total sales	35,354		35,728	100.0	1.1
Printing equipment-related business	34,808		35,179	98.5	1.1
Japan	21,464		22,065	61.8	2.8
Overseas	13,345		13,114	36.7	(1.7)
Americas	4,006		3,119	8.7	(22.1)
Europe	5,729		6,750	18.9	17.8
Asia	3,610		3,244	9.1	(10.1)
Real estate business and others	546		550	1.5	0.7
Operating income	2,164		776	2.2	(64.1)
Recurring income	2,401		1,039	2.9	(56.7)
Net income	299		(71)	(0.2)	(123.7)

Non-consolidated, full-year

	Result (2008/03)		Forecasts (2009/03)		
	FY2008 (Year ended Mar. 31, 2008)		FY2009 (Year ending Mar. 31, 2009)		
	Amount		Amount	Breakdown	Year-on-year
Total sales	75,437		73,700	100.0	(2.3)
Printing equipment-related business	74,346		72,600	98.5	(2.3)
Japan	46,903		47,050	63.8	0.3
Overseas	27,443		25,550	34.7	(6.9)
Americas	6,921		5,930	8.0	(14.3)
Europe	13,795		13,000	17.6	(5.8)
Asia	6,727		6,620	9.0	(1.6)
Real estate business and others	1,091		1,100	1.5	0.8
Operating income	4,438		880	1.2	(80.2)
Recurring income	3,967		2,750	3.7	(30.7)
Net income	△ 156		870	1.2	—