



February 21, 2006

RISO KAGAKU CORPORATION
(Code: 6413)
5-34-7, Shiba
Minato-ku, Tokyo, 108-8385
JAPAN
President & CEO: Akira Hayama

Notice of Subsidiaries Merger

Tokyo, Japan, February 21, 2006 – At a meeting of the board of directors on February 21, 2006, RISO KAGAKU CORPORATION decided to merge wholly owned subsidiaries, RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION as described below.

1. Purpose of merger

RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION, which were initially established as local sales companies for the purpose of enhancing customers' satisfaction, have been engaged in direct sales. However, in response to rapid changes in the market conditions, RISO KAGAKU CORPORATION decided to merge these three subsidiaries by absorption to speed up business decision-making and to increase business efficiency. This merger is to follow the management objectives of expanding profit in Digital Duplicating business and establishing a foundation for growth through Inkjet business.

2. Outline of merger

(1) Schedule of merger

Merger approval at board of directors meeting	February 21, 2006
Signing of the merger agreement	February 21, 2006
Date of the merger	May 1, 2006 (scheduled)
Merger registration date	May 1, 2006 (scheduled)

(Notes)

Pursuant to the short-form merger stipulated by Article 413.3.1 of the Commercial Code, the merger will be completed without holding a general shareholders' meeting of the company for authorization of the merger agreement.

(2) Merger method

The merger will be implemented by way of merger by absorption, in which RISO KAGAKU CORPORATION will be the merging company and RISO TSUKUBA CORPORATION, RISO CHIBA CORPORATION and RISO SHIZUOKA CORPORATION will be dissolved.

(3) Merger ratio

As RISO KAGAKU CORPORATION owns all of shares of the three subsidiaries, new stock will not be issued upon merger.

(4) Merger subsidy

No merger subsidy will be paid.

3. Outlines of merger companies

(As of September 30, 2005)

1)Trading name	RISO KAGAKU CORPORATION (Merging company)	RISO TSUKUBA CORPORATION (Predecessor company)	RISO CHIBA CORPORATION (Predecessor company)	RISO SHIZUOKA CORPORATION (Predecessor company)
2)Description of business	Printing equipment-related business	Printing equipment-related business	Printing equipment-related business	Printing equipment-related business
3)Date of establishment	January 25, 1955	April 6, 1993	June 15, 1993	November 4, 1994
4)Location of headquarters	5-34-7, Shiba, Minato-ku Tokyo, Japan	1-3-1, Tsukuba-City, Japan	Kasuga, Ibaragi, Japan	2-5-1, Akanehama, Narashino-City, Chiba, Japan
5)Representative	Akira Hayama	Yoshihide Segawa	Shoji Tsubota	Takatoshi Mizutani
6)Paid-in capital	¥14,114 million	¥10 million	¥10 million	¥10 million
7)Number of share issued	14,026,500	200	200	200
8)Shareholders capital	¥69,162 million	¥118 million	¥234 million	¥139 million
9)Total assets	¥106,653 million	¥167million	¥386 million	¥197 million
10)Fiscal year end	March 31	March 31	March 31	March 31
11)Number of employees	1,537	8	24	13
12)Main business partners	Supplier: San-Mic Shoji Co., Ltd. Customer: Kobo Co., Ltd.	Riso Kagaku Corporation	Riso Kagaku Corporation	Riso Kagaku Corporation
13)Number of shareholders	3,080	1	1	1
14)Major shareholders and their equity participation	1. Riso-sha Limited 8.80% 2. Northern Trust Company (AVFC) Sub Account American Client (Standing Proxy, The Hong Kong and Shanghai Banking Corporation Ltd. (Tokyo)) 6.66% 3. Japan Trustee Services Bank, Ltd. (Trust Account) 5.95% 4. Riso Kagaku Corporation 5.30% 5. Noboru Hayama 4.98%	1. Riso Kagaku Corporation 100.0%	1. Riso Kagaku Corporation 100.0%	1. Riso Kagaku Corporation 100.0%
15)Main banks	The Tokyo Tomin Bank Ltd.	-	-	-
16)Relation between Riso Kagaku Corporation and three companies	Capital ties	Riso Kagaku Corporation owns 100% of shares of the three companies.		
	Personal relationship	A Standing Auditor of Riso Kagaku Corporation also audits these three companies.		
	Trade relationship	Riso Kagaku Corporation sells its products to these three companies.		

4. Financial results for the last three fiscal years

	RISO KAGAKU CORPORATION (Merging company) (Non consolidated)		
Fiscal term	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	¥65,247 million	¥64,147 million	¥68,067 million
Operating income	¥6,929 million	¥6,507 million	¥5,779 million
Recurring income	¥6,474 million	¥5,962 million	¥6,052 million
Net income	¥3,070 million	¥3,612 million	¥3,423 million
Net income per share	¥217.76	¥261.87	¥249.15
Cash dividends per share	¥55.00	¥60.00	¥60.00
Share holders equity per share	¥4,642.24	¥4,908.11	¥5,125.67

	RISO TSUKUBA CORPORATION (Predecessor company)		
Fiscal term	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	¥366 million	¥360 million	¥348 million
Operating income	¥25 million	¥21 million	¥18 million
Recurring income	¥35 million	¥30 million	¥23 million
Net income	¥21 million	¥17 million	¥15 million
Net income per share	¥106,675.87	¥89,203.74	¥76,767.54
Cash dividends per share	¥0	¥170,000	¥0
Share holders equity per share	¥557,730.61	¥646,934.35	¥553,701.89

	RISO CHIBA CORPORATION (Predecessor company)		
Fiscal term	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	¥1,003 million	¥1,049 million	¥1,047 million
Operating income	¥51 million	¥47 million	¥60 million
Recurring income	¥70 million	¥66 million	¥75 million
Net income	¥38 million	¥36 million	¥44 million
Net income per share	¥190,160.88	¥181,581.79	¥224,820.98
Cash dividends per share	¥0	¥0	¥0
Share holders equity per share	¥686,446.85	¥868,028.63	¥1,092,849.61

	RISO SHIZUOKA CORPORATION (Predecessor company)		
Fiscal term	March 31, 2003	March 31, 2004	March 31, 2005
Net sales	¥368 million	¥397 million	¥416 million
Operating income	(¥0 million)	¥9 million	¥17 million
Recurring income	¥7 million	¥17 million	¥25 million
Net income	¥4 million	¥8 million	¥16 million
Net income per share	¥21,120.56	¥44,765.49	¥80,605.54
Cash dividends per share	¥0	¥30,000	¥0
Share holders equity per share	¥567,586.09	¥612,351.58	¥662,957.12

5. Status after merger

- (1) Trading name RISO KAGAKU CORPORATION
- (2) Description of business Printing equipment-related business
- (3) Location of headquarters 5-34-7, Shiba, Minato-ku, Tokyo, Japan
- (4) Representative President & CEO, Akira Hayama
- (5) Paid-in capital ¥14,114 million (There is no increase of the capital upon merger)
- (6) Total assets ¥106,653 million (as of September 30, 2005)
- (7) Fiscal year end March 31
- (8) Financial outlook after merger The effect to our financial results for the year ending March 2006 will be minimal.