



April 7, 2006

RISO KAGAKU CORPORATION
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JAPAN
President & CEO : Akira Hayama

Notice Regarding Extraordinary Loss
and Changes in Earning Forecast for FY2006

Riso Kagaku Corporation announced that it will record the extraordinary loss and has made changes to the earning forecast for FY2006 (April 1, 2005 to March 31, 2006), as described below.

1. Detail of Extraordinary Loss

Extraordinary Loss for our subsidiaries and affiliated company

The net sales of our sales subsidiaries, RISO, INC. in the U.S. and RISO (U.K.) LTD. in U.K., have not reached to their targets due to weak sales performances. Also, our affiliated company, ORTEK CORPORATION, increased its accumulated loss due to its additional Research and Development expenditure. Regarding these capital loss and excess liability, the Company has decided it will record the extraordinary loss of 2.6 billion yen in total as an allowance for both investment loss and operating loss.

2. Changes in Forecast FY 2006 Consolidated Results

(1) Changes in Forecast FY 2006 (April 1, 2005 to March 31, 2006)

(Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
Previous Forecast	89,700	5,800	3,300
Revised Forecast	87,400	4,500	2,200
Difference	(2,300)	(1,300)	(1,100)
Percentage Change	(2.5%)	(22.4%)	(33.3%)
Actual FY2005 Results	85,161	5,883	3,280

(2) Reasons for changes

The sales of high-speed full-color printer, ORPHIS, increased well, but fell a little short of target, due to delays in establishing sales channels overseas. With respect to RISOGRAPH, the sales fell short of target due to the decrease in sales of its consumables. As a result, net sales will be 2.3 billion yen short of our previous forecast. Recurring income will be down an estimated 1.3 billion yen from the previous forecast. Net income will be down an estimated 1.1 billion yen from the previous forecast

3. Changes in Forecast FY 2006 Non-consolidated Results

(1) Changes in Forecast FY 2006 (April 1, 2005 to March 31, 2006)

(Millions of yen, rounded down)

	Net Sales	Recurring Income	Net Income
Previous Forecast	70,500	4,550	2,950
Revised Forecast	70,800	5,300	1,900
Difference	300	750	(1,050)
Percentage Change	0.4%	16.4%	(35.5%)
Actual FY2005 Results	68,067	6,052	3,423

(2) Reasons for changes

Although net sales turned out as projected in the forecast, the recurring income is estimated to exceed the forecast by 750 million yen due to exchange profit and other positive factors. But since it is decided to record the extraordinary loss for the subsidiaries in the U.S. and U.K. and the affiliated company, net income is estimated to be 1.05 billion yen down from the previous forecast.

(Notes)

The above forecasts are based on beliefs and assumptions of management in light of information currently available to it at the time of announcement and are subject to a number of uncertainties that may affect future results. A number of factors could cause actual results to differ materially from forecasts.