
**BRIEFING ON BUSINESS
RESULTS
- FY 2010 -**

RISO KAGAKU CORPORATION
May 10, 2010

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- Notes on the descriptions in this briefing

The amounts indicated have been rounded down to a million yen.

- A note on the descriptions relating to forecasts

The forward-looking statements, including forecast, contained in these materials are based on information currently available to the Company. Actual business may differ substantially from the forecasts due to various factors in the future.

Summary of Business Results in FY 2010 (1)

Sales decreased for two consecutive terms

- Sales for the term: ¥78,469 million
 - Inkjet business (high speed color printers)
 - Domestic sales increased
 - Sales in Americas dropped below the level of the previous year
 - European sales increased without regard to the exchange rate
 - Amounted to 28% of consolidated sales
 - Digital duplicating business (digital duplicators)
 - Sales dropped mainly in developed countries

Summary of Business Results in FY 2010 (2)

Gross profit margin improved; selling, general and administrative expenses decreased substantially

- Gross profit: ¥38,416 million
 - Gross profit margin 49%, a 1.4 point increase from the previous term
 - Cost reduction because of the transfer of mono color digital printer production to China and the effects of the release of the new products of high-speed color printer.

- Selling, general and administrative expenses: ¥36,746 million
 - Down about ¥4,000 million from the previous term
 - Personnel costs: reduction in the number of personnel, freeze of yearly pay raise
 - Expenses: reduction of fixed cost, reduction of advertisement expenses, decreased research and development expenses

Summary of Business Results in FY 2010 (3)

Despite operating income's return to the black after a loss in the previous term, net loss posted for the period

- Operating income: ¥1,669 million
 - Operating income secured due to the substantial reduction of selling, general and administrative expenses despite decreased gross profit
- Net loss for the term: ¥5,937 million
 - Extraordinary loss: ¥6,384 million
 - The special premiums at withdrawal from the Welfare Pension Fund: ¥5,800 million
 - Cost for reorganizing the operation of the U.S. Subsidiary: ¥400 million
 - Reversal of reserve for deferred tax assets

FY 2010 Performance Overview (1)

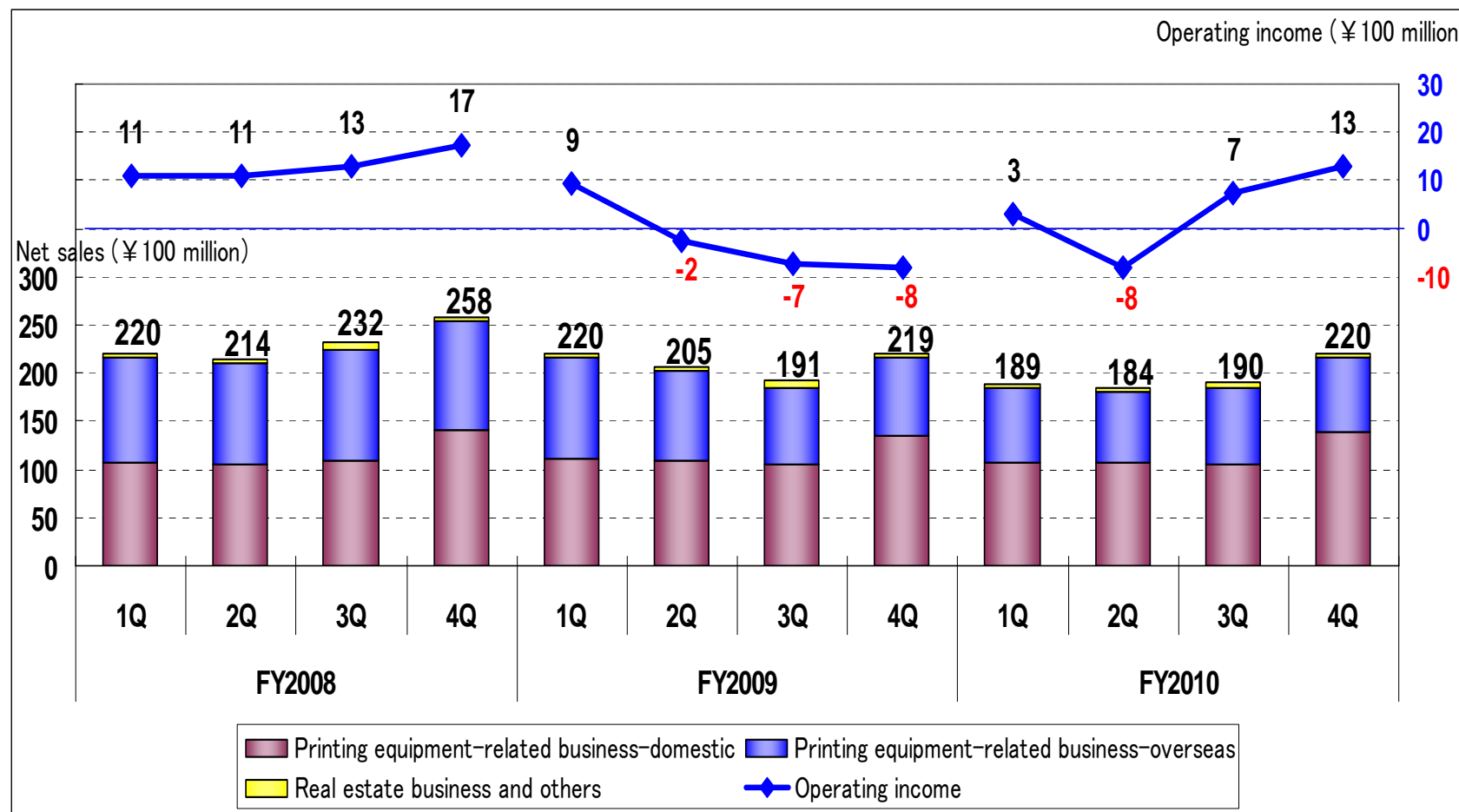
Consolidated Base

(Millions of Yen)

	FY2009	FY2010	Difference (y-o-y)		Calculated with the exchange rate of the previous year	
			Amount	%	Calculation	Foreign exchange impact
Net sales	83,774	78,469	-5,304	-6.3%	81,002	-2,532
Gross profit	39,888	38,416	-1,472	-3.7%	41,186	-2,770
Selling, general and administrative exp.	40,802	36,746	-4,055	-9.9%	37,885	-1,138
Operating income	-913	1,669	2,582	—	3,301	-1,632
Ordinary income	-695	2,113	2,808	—		
Net income	-641	-5,937	-4,664	—		
Exchange Rates	Yen/US\$	100.54	92.85			
	Yen/Euro	143.48	131.15			

FY 2010 Performance Overview (1) -1

■ Quarterly changes in consolidated net sales and operating income (FY2008~FY2010)



FY 2010 Performance Overview (2)

Sales by Business Segments

(Millions of Yen)

	Printing equipment-related business	Real estate business and others	Total
FY2010	77,254	1,215	78,469
Difference (amt)	-5,350	45	-5,304
Rate of change (%)	-6.5%	3.9%	-6.3%
FY2009	82,604	1,170	83,774

FY 2010 Performance Overview (3)

Sales by Region — Actual value comparison

(Millions of Yen)

	Americas	Europe	Asia	Japan	Total
FY2010	7,961	13,980	8,964	47,562	78,469
Difference (amt)	-1,949	-2,105	-1,014	-235	-5,304
Rate of change (%)	-19.7%	-13.1%	-10.2%	-0.5%	-6.3%
FY2009	9,910	16,086	9,979	47,797	83,774



FY 2010 Performance Overview (4)

Sales by Region — Calculated with the exchange rate of the previous year

(Millions of Yen)

	Americas	Europe	Asia	Japan	Total
FY2010	8,620	15,259	9,561	47,562	81,002
Difference (amt)	- 1,290	-827	-418	-235	-2,773
Rate of change (%)	-13.2%	-5.1%	-4.2%	-0.5%	-3.3%
FY2009	9,910	16,086	9,979	47,797	83,774

Exchange rate (Average of the period)	U.S.\$1.00	EURO1.00
FY2010	92.85yen	131.15yen
FY2009	100.54yen	143.48yen



FY 2010 Performance Overview (5)

Operating income by Geographic Area

(Millions of Yen)

	Americas	Europe	Asia	Japan	Inter-segment Elimination	Total
FY2010	-694	-276	515	1,040	1,084	1,669
Difference (amt)	-12	1,214	137	2,050	-807	2,582
FY2009	- 681	-1,491	378	-1,010	1,892	-913

Note: Operating income from the sales to Asian dealers was included in Japan.

FY 2010 Activity Overview (1)

Main focuses of this term;

Final Year of the 3rd Medium-term Management Plan

- Increase the profit through sales of high value-added models
- Cost reduction by enhancing production efficiency and increasing purchasing power
- Promote development planning for high value-added models required by the market
- Invest expenses intensively in the main focus subjects and trim the others thoroughly

FY 2010 Activity Overview (2)

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

(1) Inkjet business

- Domestic: ORPHIS X series released in February 2009 with full-scale sales
- Overseas: A new brand ComColor series (ORPHIS X series) released in July 2009
- Solution proposed: DM print system by using a combination of application software for variable printing with ORPHIS

(2) Digital duplicating business

- RISOGRAPH MD6650W, a A3 automatic duplex and one-pass two-color printer, released (industry first)



ORPHIS X7200



RISOGRAPH MD6650W

FY 2010 Activity Overview (3)

- Cost reduction by enhancing production efficiency and increasing purchasing power
 - Production of digital duplicators (mono color) transferred to China
 - Percentage of digital duplicators manufactured in China jumped to 90%
 - Operation of purchasing center became more efficient
- Promote development planning for high value-added models required by the market
 - Reviewed the developing system and product planning process
- Invest expenses intensively in the main focus subjects and trim the others thoroughly
 - Executed reconstitution of the operation of American subsidiaries
 - Established Riso Latin America, Inc.; improved sales channels in Latin America
 - Selling, general and administrative expenses decreased about ¥4,000 million from the previous term

Summary of Medium-Term Management Plan “Riso Vision 10”

【Management Objectives】

By realizing that gaining new customers is a key issue in both the inkjet and digital duplicating business, we will tackle the task, and we aim to achieve:

Consolidated sales of 100 billion yen

Operating income margin of 10%

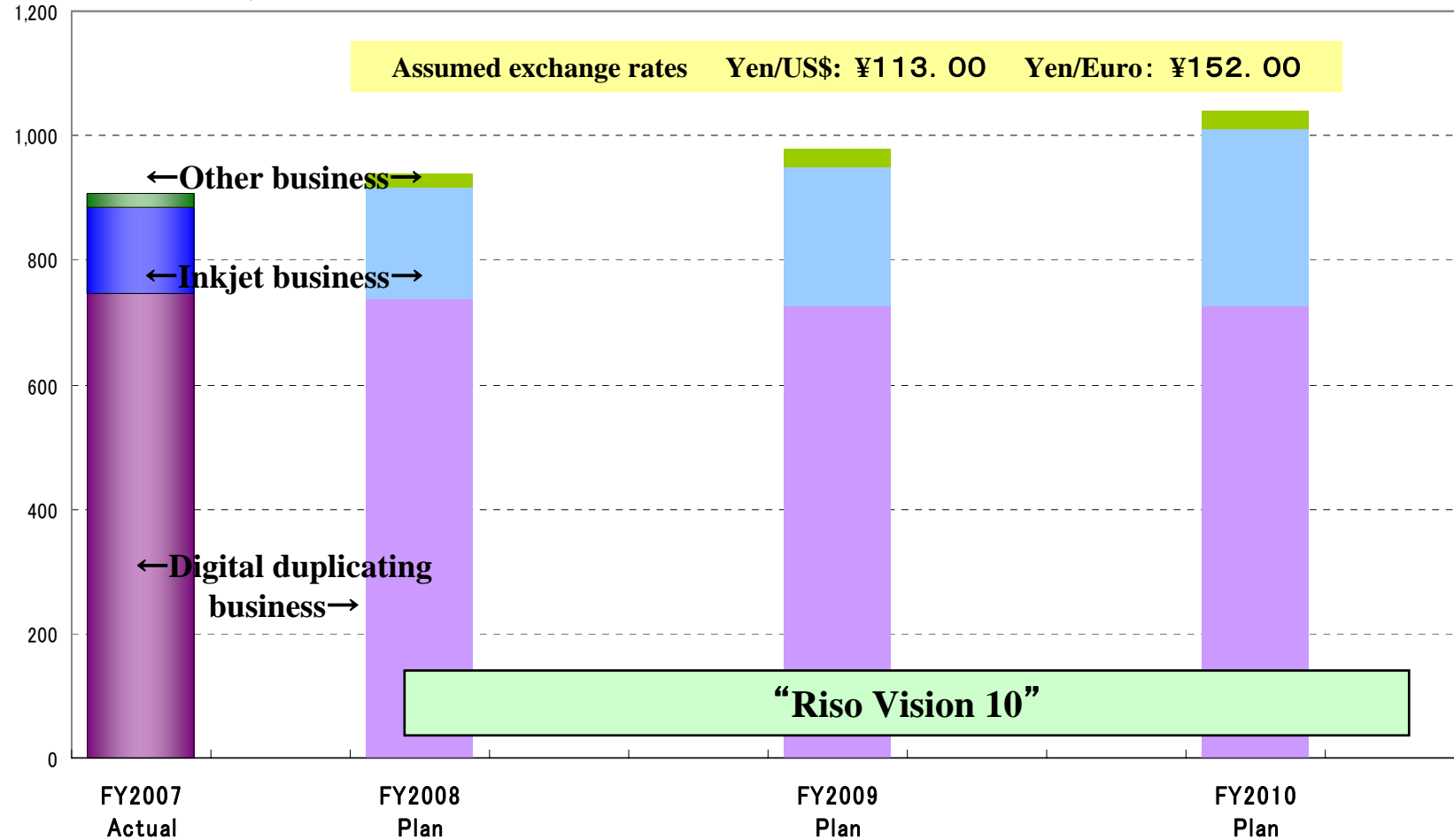
【Basic Objectives】

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

Summary of Medium-Term Management Plan “Riso Vision 10”

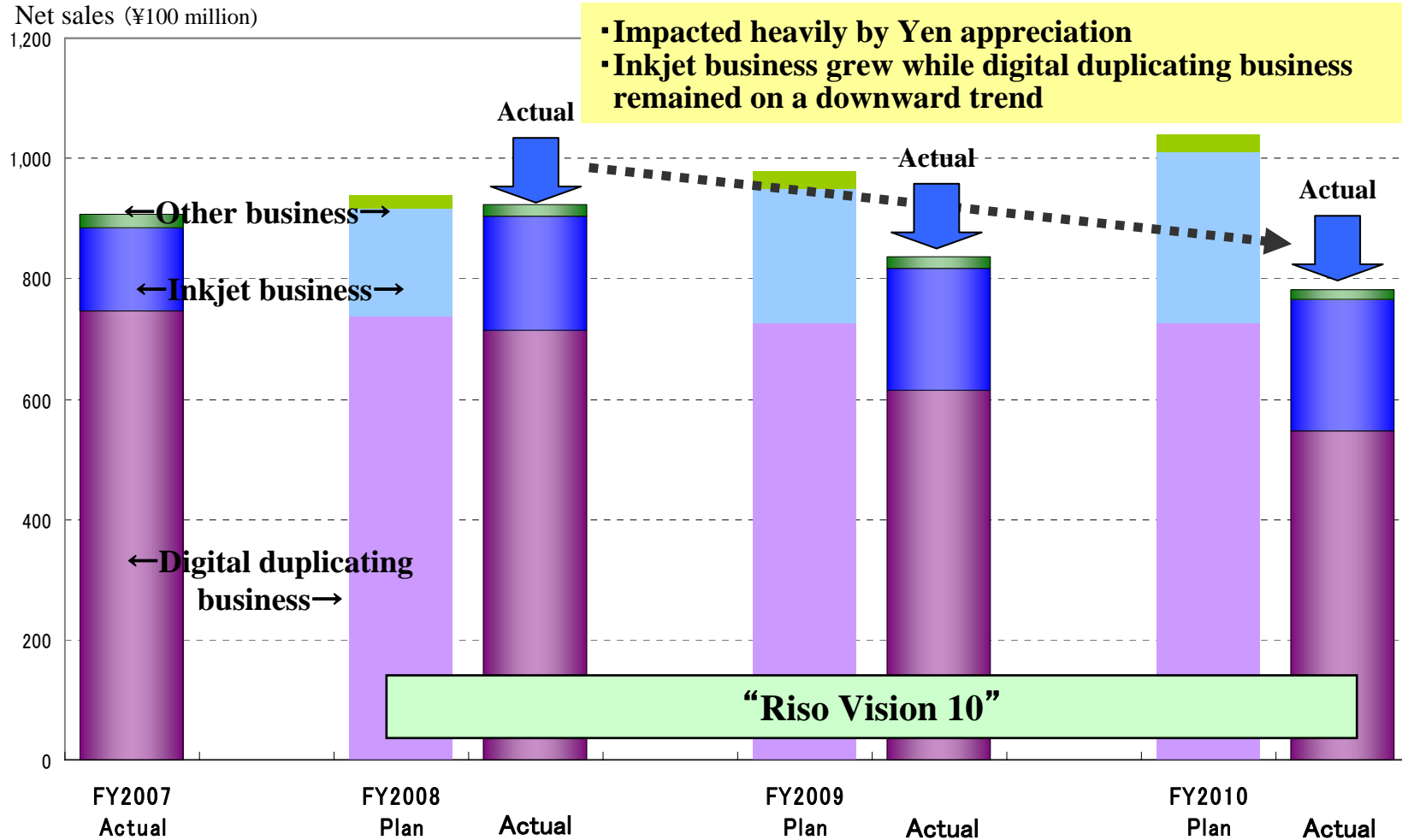
■ Medium-Term Management Plan “Riso Vision 10” -the original plan-

Net sales (¥100 million)



Summary of Medium-Term Management Plan “Riso Vision 10”

Actual progress of Medium-Term Management Plan “Riso Vision 10”



Medium-Term Management Plan “Riso Vision 13”

【Management Objectives】

Realize strong growth by gaining new customers through the utilization of optimum corporate resources in order to re-establish a stable profit-making business model.

【Targets for FY2013】

Consolidated sales : ¥83 billion
Consolidated operating income : ¥2.5 billion

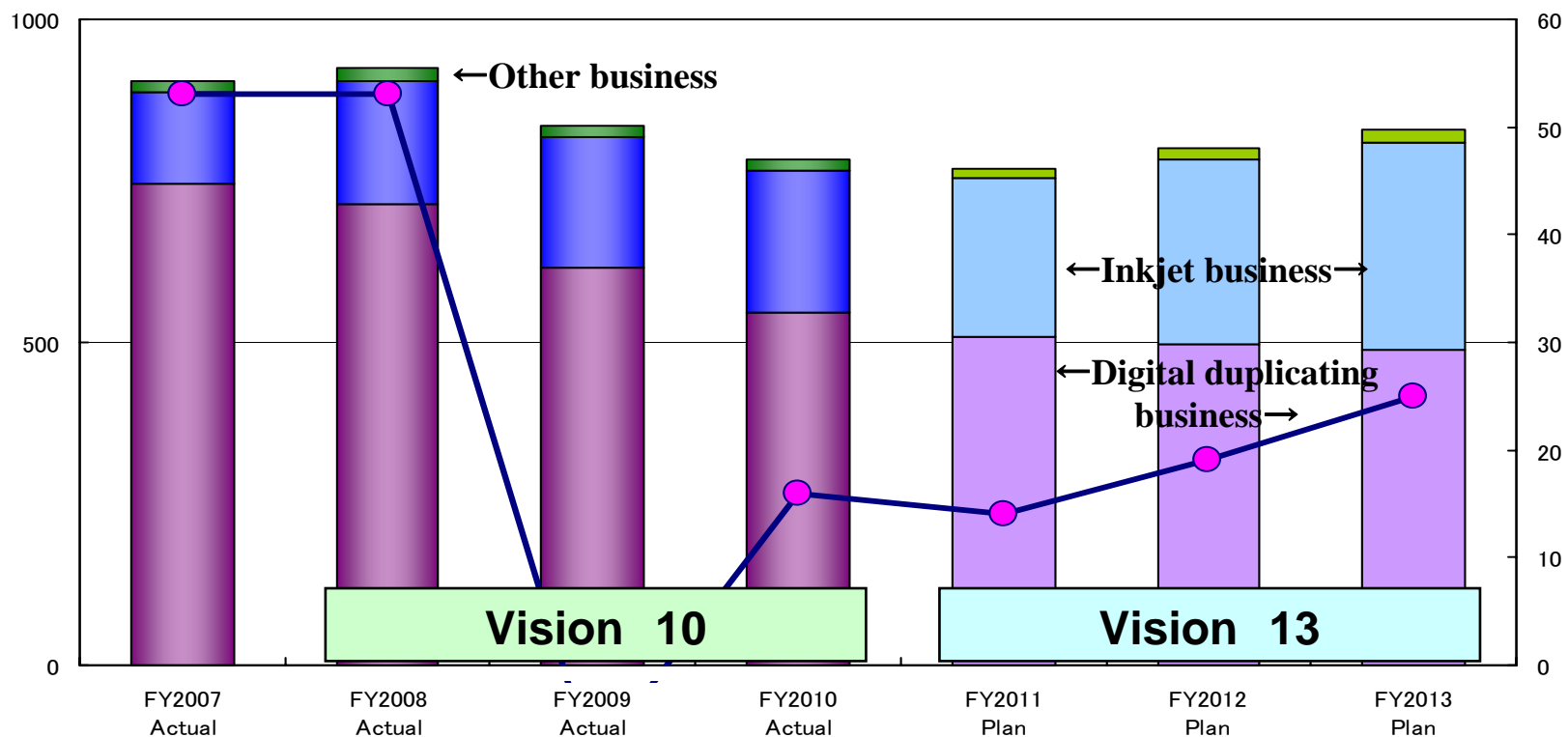
【Strategic Items】

1. Develop, cultivate and strengthen sales channels in the Inkjet business.
2. Build up both the product planning system and sales planning system on a global basis.
3. Conduct a dynamic review of both the manufacturing system as well as the structure of selling, general and administrative expenses.

Medium-Term Management Plan “Riso Vision 13”

Net sales (¥100million)

Operating income (¥100million)



Actual	FY2008	FY2009	FY2010
U.S.\$	114.28 yen	100.54 yen	92.85 yen
Euro	161.53 yen	143.48 yen	131.15 yen

Plan	Riso Vision 13
U.S.\$	89.00 yen
Euro	122.00 yen



Main Focuses for FY 2011

■ Challenges our Company group has to address:

- (1) Accelerate the growth speed of Inkjet business
- (2) Aim to maintain and recover the digital duplicating business which keeps decreasing

■ Main Focuses for FY 2011

- (1) Develop, cultivate and strengthen sales channels in the Inkjet business.
- (2) Improve internal structure for product development best suited to the markets.

Forecast for FY 2011 (1)

(Millions of Yen)

	FY2010 Actual	FY2011 Forecast	Difference (y-o-y)	
			Amount	%
Net sales	78,469	77,190	-1,279	-1.6%
Operating income	1,669	1,410	-259	-15.5%
Ordinary income	2,113	1,620	-493	-23.3%
Net income	- 5,937	1,570	7,507	—
Consolidated ROE	-9.6%	2.7%		
Operating income margin	2.1%	1.8%		
Exchange Rates	Yen/US\$	92.85	89.00	
	Yen/Euro	131.15	122.00	



Forecast for FY 2011 (2) – Precondition –

■ Assumed exchange rate

1 Dollar: 89.00 Yen

1 Euro : 122.00 Yen

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

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

	Net sales	Operating income
Yen/US\$	145 million yen	35 million yen
Yen/Euro	75 million yen	50 million yen

Shareholders Return

(Millions of yen)

Shareholders Return

