

## Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 <under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6413  
 URL: <http://www.riso.co.jp/english/>  
 Representative: Akira Hayama, President & CEO  
 Inquiries: Kihachiro Endo, Managing Director and General Manager of Corporate Headquarters  
 TEL: +81-3-5441-6611 (from overseas)

Scheduled date of Regular General Meeting of Shareholders: June 24, 2014  
 Scheduled date of dividend payment commencement: June 25, 2014  
 Scheduled date to file Securities Report: June 25, 2014  
 Preparation of supplementary information on business results: Yes  
 Holding of briefing on business results: Yes (for analysts, in Japanese)

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated performance for the fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2014	83,938	11.2	6,588	34.2	7,192	30.5	4,578	(5.1)
March 31, 2013	75,455	0.8	4,910	21.2	5,512	27.9	4,827	67.2

Note: Comprehensive income

Fiscal year ended March 31, 2014: 5,838 million yen / (12.5%) Fiscal year ended March 31, 2013: 6,674 million yen / 167.8%

Fiscal year ended	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
March 31, 2014	210.13	—	7.0	7.7	7.8
March 31, 2013	205.80	—	7.6	6.0	6.5

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2014: — million yen Fiscal year ended March 31, 2013: — million yen

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2014	91,740	64,804	70.6	3,098.31
March 31, 2013	95,452	66,033	69.2	2,857.52

Reference: Shareholders' equity As of March 31, 2014: 64,804 million yen As of March 31, 2013: 66,033 million yen

### (3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2014	4,393	(5,212)	(6,814)	14,580
March 31, 2013	7,287	(5,174)	(2,246)	21,612

### 2. Cash dividends

	Cash dividends per share					Total dividends (annual)	Dividend pay-out ratio (consolidated)	Net assets-to dividend ratio (consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million of yen	%	%
Fiscal year ended March 31, 2013	–	0.00	–	55.00	55.00	1,270	26.7	2.0
Fiscal year ended March 31, 2014	–	0.00	–	60.00	60.00	1,254	28.6	2.0
Fiscal year ending March 31, 2015 (Forecast)	–	0.00	–	60.00	60.00		28.5	

### 3. Forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2014	40,300	3.2	2,500	18.0	2,500	6.2	1,600	3.7	76.50
Fiscal year ending March 31, 2015	86,000	2.5	6,500	(1.3)	6,550	(8.9)	4,400	(3.9)	210.37

#### 4. Others

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies / changes in accounting estimates / restatement
- Changes due to revisions to accounting standards and other regulations: Yes
  - Changes due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement: None

Note: For details, please see page 15, (Changes in Accounting Principles).”

- (3) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of March 31, 2014	23,703,166 shares
As of March 31, 2013	23,703,166 shares

- b. Number of treasury stock at the end of the period

As of March 31, 2014	2,787,177 shares
As of March 31, 2013	594,498 shares

- c. Average number of shares during the period

Fiscal year ended March 31, 2014	21,791,015 shares
Fiscal year ended March 31, 2013	23,454,787 shares

\* Indication regarding execution of audit procedures

This financial results report is not subject to the audit procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this financial results report, the audit procedures for financial statements are in progress.

\* Proper use of the forecasts, and other special matters

The forward-looking statements, including forecasts, contained in these materials are based on information currently available to the Company. These statements do not purport that the Company pledges to achieve such performance. Actual business may differ substantially from the forecasts due to various factors in the future.

## Attached Materials

### Index

1. Business Results .....	2
(1) Analysis of Results.....	2
(2) Analysis of Financial Position.....	4
(3) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends .....	4
2. Status of the Corporate Groupe .....	5
3. Management Policies.....	6
(1) Basic Managerial Policies and Medium to Long-Term Business Strategy .....	6
(2) Business Performance Target .....	6
(3) Issues to Address.....	6
4. Consolidated Financial Statements .....	8
(1) Consolidated balance sheets.....	8
(2) Consolidated statements of (comprehensive) income .....	10
(Consolidated statements of income).....	10
(Consolidated statements of comprehensive income).....	11
(3) Consolidated statements of changes in net assets .....	12
(4) Consolidated statements of cash flows .....	14
(Changes in Accounting Principles) .....	15
(Segment Information).....	16
(Subsequent events).....	20

# 1. Business Results

## (1) Analysis of Results

### a. Results of the fiscal year under review

The RISO Group (RISO) has formulated the Fifth Medium-term Management Plan (RISO Vision 16) with the final fiscal year of the period ending March 31, 2016, and has been following its medium-term management policy of expanding sales channels and gaining new customers worldwide. In the fiscal year under review, which is the first year of the Fifth Medium-term Management Plan (RISO Vision 16), RISO has been working on expanding the sales channels of the inkjet business both domestically and overseas, and has made progress in new installations. Overall net sales grew both domestically and overseas for the second consecutive fiscal year. Meanwhile, growth in the inkjet business and the effect of the weaker yen resulted in an increase in operating income.

In the consolidated fiscal year under review, net sales were 83,938 million yen (up 11.2% year on year), operating income was 6,588 million yen (up 34.2% year on year), and ordinary income was 7,192 million yen (up 30.5% year on year), and net income amounted to 4,578 million yen (down 5.1% year on year).

The average exchange rates during the consolidated fiscal year under review were 100.24 yen (a 17.14 yen depreciation of the yen year-on-year) for the US dollar and 134.37 yen (a 27.23 yen depreciation of the yen year-on-year) for the euro.

Results by segment are as follows:

- Printing equipment business

RISO, as part of its printing equipment business, engages in the inkjet business, principally with its ORPHIS high-speed color printers, as well as the digital duplicating business, consisting mainly of its RISOGRAPH digital duplicators.

In the inkjet business, there were strong sales of new products in the domestic market, and then overseas market, and this growth covered the decrease in sales of the digital duplicating business. As a result, in the printing equipment business, net sales were 82,358 million yen (up 11.5% year on year), and operating income was 6,131 million yen (up 37.9% year on year).

#### Japan

In the inkjet business, RISO pushed ahead with expanding sales channels and gaining new customers, and successfully boosted sales in both hardware and consumables. In the digital duplicating business, sales of consumables increased in the fourth quarter prior to the implementation of a hike in the consumption tax rate. Subsequently, the decrease rate of net sales in the digital duplicating business this fiscal year was much lower than the previous fiscal year. Net sales were 48,662 million yen (up 3.3% year on year), operating income was 6,047 million yen (up 8.8% year on year).

#### The Americas

In the inkjet business, in this fiscal year as well, RISO continued to focus on the issue of cultivating sales channels, and increased sales of hardware. Meanwhile, net sales in the digital duplicating business decreased. Net sales exceeded the previous year's levels due to the effect of exchange rates, and reached 5,728 million yen (up 18.5% year on year). Operating loss decreased to 415 million yen (compared with an operating loss of 636 million yen in the previous year).

#### Europe

In the inkjet business, sales of new products were steady in each country, and net sales grew. In the digital duplicating business, although sales increased mainly in emerging countries, Europe-wide net sales decreased. Net sales increased significantly above the previous year's figure, partly due to the effect of exchange rates,

reaching 16,191 million yen (up 31.9% year on year). Operating income was 5 million yen (compared with an operating loss of 877 million yen in the previous year).

#### Asia

In the inkjet business, sales of hardware increased due to an expansion of our sales channels in China and the cultivation of sales channels in South East Asia. Meanwhile, net sales decreased in the digital duplicating business. Net sales exceeded the previous year's figure, due to the effect of exchange rates, and reached 11,777 million yen (up 22.1% year on year). An operating income of 493 million yen (up 21.8% year on year) was posted, due to the effect of the weaker yen.

- Real estate business and others

RISO operates a real estate business focusing on leasing of the Omotesando Building and Shin-Osaka Building as well as a print creating business.

Net sales for the real estate business and others were 1,579 million yen (down 0.7% year on year) and operating income amounted to 456 million yen (down 1.3% year on year).

#### b. Business outlook for the next fiscal year

RISO has continued to focus on gaining new customers worldwide, and has strived to expand sales channels and cultivate the applications of the products. RISO has also strengthened its sales structure for expanding income from overseas businesses.

RISO forecasts net sales of 86,000 million yen (up 2.5% year on year) in the next fiscal year. Meanwhile, on the profit front, selling, general and administrative expenses including research and development expenses and personnel expenses are forecast to rise, and the outlook is for operating income of 6,500 million yen (down 1.3% year on year), ordinary income of 6,550 million yen (down 8.9% year on year), and net income of 4,400 million yen (down 3.9% year on year).

Please note that, in the aforementioned forecast, the assumed exchange rates are 102 yen against the US dollar and 138 yen against the euro.

## **(2) Analysis of Financial Position**

### a. Assets, liabilities and net assets

The financial position of RISO at the end of the fiscal year under review compared to the previous fiscal year is as follows.

Total assets and net assets decreased 3,711 million yen and 1,229 million yen, respectively.

The main changes in the assets portion include decreases of 6,110 million yen in short-term investment securities, 1,677 million yen in construction in progress, in contrast to an increase of 3,597 million yen in buildings and structures. In the liabilities portion, there were decreases of 1,588 million yen in notes and accounts payable-trade and 1,098 million yen in income taxes payable.

### b. Cash flows

Cash and cash equivalents (“cash”) at the end of the fiscal year under review decreased by 7,032 million yen year on year to 14,580 million yen.

The positions and contributing factors of each cash flow in the fiscal year under review were as follows.

#### (Cash flows from operating activities)

Net cash provided by operating activities was 4,393 million yen (down 39.7% year on year). This is mainly attributable to income before income taxes and minority interests of 7,119 million yen, depreciation and amortization of 3,084 million yen, amortization of goodwill of 668 million yen, income taxes paid of 3,563 million yen, a decrease in notes and accounts payable-trade of 2,249 million yen, and a decrease in accounts payable-other of 686 million yen.

#### (Cash flows from investing activities)

Net cash used in investing activities was 5,212 million yen (up 0.7% year on year). This is primarily the result of the expense of 4,299 million yen for the purchase of property, plant and equipment, and the expense of 872 million yen for the purchase of intangible assets.

#### (Cash flows from financing activities)

Net cash used in financing activities was 6,814 million yen (up 203.3% year on year). The result mainly reflects an expense of 4,999 million yen for the purchase of treasury stock, and payments of 1,270 million yen for cash dividends.

## **(3) Basic Policy for Earning Distribution and Current and Next Fiscal Year Dividends**

The Company’s basic policy for distribution of earnings to shareholders is:

- (1) to allocate an appropriate portion of earnings as a dividend in accordance with business result while retaining the means to strengthen the corporate structure; and
- (2) to strive to make continued, stable dividend payments.

The Company will distribute annual dividends from surplus once a year at the end of every fiscal year. Also, we regard the repurchasing of shares as a measure for allocating earnings to shareholders and will effectuate it taking into account stock price levels and market trends. Our basic policy for the distribution of earnings to shareholders is the allocation of an appropriate portion of earnings as a dividend in accordance with business results while retaining the means to strengthen the corporate structure. RISO will strive to provide a stable dividend based on this policy and distribute annual dividends from surplus once a year at the end of every fiscal year. Also, we regard the repurchasing of shares as a measure for allocating earnings to shareholders and will effectuate it taking into

account stock price levels and market trends.

For the fiscal year under review, the Company plans to pay a year-end dividend of 60 yen per share, which will be an increase of 5 yen from the previous year. As for treasury stock, during the fiscal year under review, the Company acquired a total of 2,192,600 shares for 4,999 million yen.

With respect to distributions of earnings to shareholders during the period of the Fifth Medium-term Management Plan (RISO Vision 16), in accordance with the basic policy, the Company follows the principle of paying a dividend reflecting operating results, and it will increase its distribution of profits when operating results are strong.

The Company will also continue to conduct acquisitions of treasury stock as appropriate, thereby striving to return profits to shareholders. As a general rule, the Company will retire treasury stock that it holds.

For the next fiscal year, the Company plans to pay a dividend of 60 yen per share.

## **2. Status of the Corporate Group**

The RISO Group (RISO) consists of the Company and 26 subsidiaries. The main business of the Group is the development, manufacture and sale of printing equipment, as well as related market research. The Group also operates a real estate business and an insurance agency.

The following shows the relationship of main RISO members and their business territories.

### RISO KAGAKU CORPORATION (Manufacture and sales)

<Subsidiaries in Japan>

#### **Printing equipment - Sales**

##### RISO OKINAWA CORPORATION

<Overseas subsidiaries>

#### **Printing equipment - Sales and market research**

RISO, INC.

RISO LATIN AMERICA, INC.

RISO (U.K.) LTD.

RISO (Deutschland) GmbH

RISO FRANCE S.A.

RISO IBERICA, S.A.

RISOGRAPH ITALIA S.p.A.

RISO EURASIA LLC

RISO AFRICA (PTY) LTD.

RISO HONG KONG LTD.

RISO (Thailand) LTD.

RISO INDIA PRIVATE LTD.

RISO KOREA LTD.

#### **Printing equipment - Manufacture and sales**

RISO (CHINA) TECHNOLOGY CO., LTD.

#### **Printing equipment - Manufacture**

RISO INDUSTRIES (H.K.) LTD.

RISO INDUSTRY (Thailand) CO., LTD.

RISO INDUSTRY SHANGHAI CO., LTD.



### **3. Management Policies**

#### **(1) Basic Managerial Policies and Medium to Long-Term Business Strategy**

In order to expand sales channels and gain new customers, the RISO Group has formulated the Fifth Medium-term Management Plan (RISO Vision 16)—a three-year plan with its final fiscal year in the period ending March 31, 2016

<Basic Policies in the Fifth Medium-Term Management Plan “RISO Vision 16”>

Energize corporate activities through individual ideas and action to expand sales channels and gain new customers worldwide

- a. Expand RISO business by strengthening overseas sales planning/promotions  
The Company recognizes expansion of overseas business as the most important task for RISO. Through worldwide sharing of the sales principles and sales know-how cultivated in Japan, RISO will aim to strengthen the group sales-planning function and thereby expand its overseas business.
- b. Increase new inkjet hardware installations by expanding and reinforcing sales channels. In the inkjet business, by aggressively investing to expand sales channels, strengthening sales training, and implementing sales promotion activities to promote the superiority of its products, RISO will strive to acquire new customers.
- c. Maintain revenue in the digital duplicating business by focusing customer management  
In the digital duplicating business, by improving customer satisfaction and by aggressively implementing sales promotion activities in the strategic regions overseas with promising demand in the digital duplicating business, the Group will strive to maintain profits.
- d. Establish a new production structure and prepare for a changing environment  
RISO will work to improve production efficiency and reduce costs, as well as to construct a production structure capable of responding to future increases in production.
- e. Take on the challenge to create new businesses
- f. Involvement of all employees to challenge beyond individual potential to be more involved in RISO business

#### **(2) Business Performance Target**

In the fifth Medium-term Management Plan (RISO Vision 16), RISO has set the following figures as financial targets in the fiscal year ending in March 31, 2016.

Consolidated net sales: ¥86 billion, Consolidated operating income: ¥7 billion, ROE: 7%

\*Exchange rates: 1US dollar: ¥90.00, 1euro: ¥116.00

#### **(3) Issues to Address**

In the printing equipment business, which is RISO’s mainstay business, the inkjet business is growing, but the digital duplicating business is continuing to follow a trend of decline. A key issue for RISO to address is to accelerate the speed of growth in the inkjet business and maintain and recover in the digital duplicating business. The RISO Group considers the launch of new businesses as essential for achieving medium- to long-term growth.

Under these circumstances, for the fiscal year of the period ending March 31, 2015, which will be the second year of the Fifth Medium-term Management Plan, RISO will continue its operations with the following items as management policies.

<Management Policies for Fiscal Year Ending March 31, 2015>

- a. Concentrate on increasing the MIF by promoting both the development of new sales channels and the acquisition of new accounts  
Focusing on the management objective of the Fifth Medium-term Management Plan of expanding sales channels and gaining new customers worldwide, for the fiscal year under review as well, the RISO Group will strive to increase MIF.
- b. Achieve increased sales and profit by organizing a proper overseas sales structure  
The Company will strengthen the sales force of its subsidiaries while also improving its financial structure, and will aim to expand the income of its overseas businesses.
- c. Shift to a new production structure by reorganizing production facilities  
In the digital duplicating business, RISO started production at its own plant in Thailand, which was completed in March 31, 2014. The Company is working on ensuring the steady supply of hardware with production in the two countries of Thailand and China. Meanwhile, in the inkjet business, RISO will commence production of consumables from May 2014 at the Tsukuba Plant, and will make preparations for increasing production from hereon.
- d. Take on the challenge to create new businesses
- e. Enhance the ability of RISO employees to lead and grow the business more effectively by focusing on developing their skills

## 4. Consolidated Financial Statements

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	13,901	12,899
Notes and accounts receivable-trade	14,936	15,596
Short-term investment securities	8,987	2,876
Merchandise and finished goods	9,304	9,781
Work in process	486	479
Raw materials and supplies	2,421	2,373
Deferred tax assets	2,045	2,132
Other	1,638	1,979
Allowance for doubtful accounts	(291)	(338)
Total current assets	53,429	47,780
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	17,914	21,938
Accumulated depreciation	(12,290)	(12,716)
Buildings and structures, net	5,624	9,221
Machinery, equipment and vehicles	7,547	6,095
Accumulated depreciation	(6,523)	(5,266)
Machinery, equipment and vehicles, net	1,024	829
Tools, furniture and fixtures	14,940	16,164
Accumulated depreciation	(14,051)	(15,156)
Tools, furniture and fixtures, net	889	1,008
Land	17,129	17,071
Lease assets	263	356
Accumulated depreciation	(124)	(151)
Lease assets, net	138	205
Construction in progress	2,978	1,300
Other	10,021	9,692
Accumulated depreciation	(7,483)	(6,585)
Other, net	2,537	3,106
Total property, plant and equipment	30,323	32,742
Intangible assets		
Goodwill	1,344	679
Software	2,404	2,232
Other	1,887	1,674
Total intangible assets	5,636	4,586
Investments and other assets		
Investment securities	1,824	1,945
Long-term loans receivable	190	182
Deferred tax assets	898	1,142
Other	3,207	3,422
Allowance for doubtful accounts	(58)	(61)
Total investments and other assets	6,062	6,631
Total noncurrent assets	42,022	43,960
Total assets	95,452	91,740

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,149	9,560
Short-term loans payable	2,839	2,615
Current portion of long-term loans payable	2	2
Income taxes payable	2,384	1,286
Provision for bonuses	1,631	1,657
Provision for directors' bonuses	66	93
Provision for product warranties	48	53
Other	6,847	6,550
Total current liabilities	24,969	21,819
Noncurrent liabilities		
Long-term loans payable	35	33
Provision for retirement benefits	3,807	–
Net defined benefit liability	–	4,589
Other	605	495
Total noncurrent liabilities	4,448	5,117
Total liabilities	29,418	26,936
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	39,159	42,467
Treasury stock	(935)	(5,935)
Total shareholders' equity	67,118	65,426
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	249	343
Foreign currency translation adjustment	(1,334)	(169)
Remeasurements of defined benefit plans	–	(796)
Total accumulated other comprehensive income	(1,085)	(622)
Total net assets	66,033	64,804
Total liabilities and net assets	95,452	91,740

**(2) Consolidated statements of (comprehensive) income****(Consolidated statements of income)**

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	75,455	83,938
Cost of sales	33,286	36,181
Gross profit	42,168	47,756
Selling, general and administrative expenses	37,258	41,168
Operating income	4,910	6,588
Non-operating income		
Interest income	168	137
Dividends income	32	35
Foreign exchange gains	165	396
Other	387	262
Total non-operating income	753	832
Non-operating expenses		
Interest expenses	58	62
Loss on retirement of noncurrent assets	51	83
Other	40	81
Total non-operating expenses	151	228
Ordinary income	5,512	7,192
Extraordinary income		
Gain on transfer of goodwill	22	45
Insurance return	38	25
Total extraordinary income	61	70
Extraordinary loss		
Impairment loss	424	111
Business structure improvement expenses	109	33
Loss on valuation of investment securities	21	-
Total extraordinary losses	555	144
Income before income taxes and minority interests	5,018	7,119
Income taxes-current	2,398	2,469
Income taxes-deferred	(2,206)	70
Total income taxes	191	2,540
Income before minority interests	4,827	4,578
Net income	4,827	4,578

**(Consolidated statements of comprehensive income)**

	(Millions of yen)	
	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Income before minority interests	4,827	4,578
Other comprehensive income		
Valuation difference on available-for-sale securities	356	94
Foreign currency translation adjustment	1,490	1,164
Total other comprehensive income	1,847	1,259
Comprehensive income	6,674	5,838
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,674	5,838
Comprehensive income attributable to minority interests	-	-

**(3) Consolidated statements of changes in net assets**

	Fiscal year ended March 31, 2013				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	14,114	14,779	37,874	(2,011)	64,757
Changes of items during the period					
Dividends from surplus			(966)		(966)
Net income			4,827		4,827
Purchase of treasury stock				(1,500)	(1,500)
Retirement of treasury stock			(2,575)	2,575	—
Net changes of items other than shareholders' equity					
Total changes of items during the period			1,284	1,075	2,360
Balance at the end of current period	14,114	14,779	39,159	(935)	67,118

	Fiscal year ended March 31, 2013				
	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	(107)	(2,825)	—	(2,932)	61,825
Changes of items during the period					
Dividends from surplus					(966)
Net income					4,827
Purchase of treasury stock					(1,500)
Retirement of treasury stock					—
Net changes of items other than shareholders' equity	356	1,490	—	1,847	1,847
Total changes of items during the period	356	1,490	—	1,847	4,207
Balance at the end of current period	249	(1,334)	—	(1,085)	66,033

	Fiscal year ended March 31, 2014				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)
Balance at the beginning of current period	14,114	14,779	39,159	(935)	67,118
Changes of items during the period					
Dividends from surplus			(1,270)		(1,270)
Net income			4,578		4,578
Purchase of treasury stock				(4,999)	(4,999)
Net changes of items other than shareholders' equity					
Total changes of items during the period			3,307	(4,999)	(1,691)
Balance at the end of current period	14,114	14,779	42,467	(5,935)	65,426

	Fiscal year ended March 31, 2014				
	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	Amount (Millions of yen)	
Balance at the beginning of current period	249	(1,334)	—	(1,085)	66,033
Changes of items during the period					
Dividends from surplus					(1,270)
Net income					4,578
Purchase of treasury stock					(4,999)
Net changes of items other than shareholders' equity	94	1,164	(796)	462	462
Total changes of items during the period	94	1,164	(796)	462	(1,229)
Balance at the end of current period	343	(169)	(796)	(622)	64,804



**(4) Consolidated statements of cash flows**

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	5,018	7,119
Depreciation and amortization	2,553	3,084
Impairment loss	424	111
Amortization of goodwill	666	668
Increase (decrease) in provision for retirement benefits	116	(3,814)
Increase (decrease) in net defined benefit liability	–	4,584
Increase (decrease) in provision for directors' bonuses	16	27
Increase (decrease) in allowance for doubtful accounts	(65)	26
Interest and dividends income	(200)	(173)
Gain on maturity of insurance contract	(38)	(25)
Interest expenses	58	62
Foreign exchange losses (gains)	(221)	(509)
Decrease (increase) in notes and accounts receivable-trade	291	172
Decrease (increase) in inventories	26	351
Increase (decrease) in notes and accounts payable-trade	(867)	(2,249)
Increase (decrease) in accounts payable-other	(499)	(686)
Other, net	231	(903)
Subtotal	7,508	7,845
Interest and dividends income received	202	173
Interest expenses paid	(65)	(63)
Income taxes paid	(361)	(3,563)
Income taxes refund	2	–
Net cash provided by (used in) operating activities	7,287	4,393
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,547)	(1,834)
Proceeds from withdrawal of time deposits	1,504	1,878
Purchase of property, plant and equipment	(4,282)	(4,299)
Proceeds from sales of property, plant and equipment	42	27
Purchase of intangible assets	(796)	(872)
Proceeds from sales of investment securities	8	21
Payments of loans receivable	(0)	–
Collection of loans receivable	3	3
Proceeds from maturity of insurance funds	78	51
Other, net	(184)	(188)
Net cash provided by (used in) investing activities	(5,174)	(5,212)

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	287	(476)
Repayment of long-term loans payable	(2)	(2)
Purchase of treasury stock	(1,499)	(4,999)
Repayments of lease obligations	(65)	(68)
Cash dividends paid	(966)	(1,270)
Other, net	(0)	2
Net cash provided by (used in) financing activities	(2,246)	(6,814)
Effect of exchange rate change on cash and cash equivalents	769	601
Net increase (decrease) in cash and cash equivalents	636	(7,032)
Cash and cash equivalents at beginning of period	20,976	21,612
Cash and cash equivalents at end of period	21,612	14,580

## (Changes in Accounting Principles)

## (Application of accounting standards for retirement benefits)

From the end of the current consolidated fiscal year, RISO applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012). (Except body text stipulated in Article 35 of the Accounting Standard for Retirement Benefits and Article 67 of Guidance on Accounting Standard for Retirement Benefits.) In line with this, pension assets are deducted from retirement benefit obligations and the net amount is recognized as net defined benefit liability, and unrecognized actuarial gains and losses and unrecognized prior services costs are recorded as net defined benefit liability.

In accordance with the transitional accounting as stipulated in Article 37 of the Accounting Standard for Retirement Benefits, the effect of the changes in accounting standard at the end of the current consolidated fiscal year is recognized in remeasurements of defined benefit plans in accumulated other comprehensive income. As a result, 4,589 million yen in liability for retirement benefits was recognized at the end of the current consolidated fiscal year. In addition, accumulated other comprehensive income decreased 796 million yen. Net assets per share decreased by 38.09 yen.

## (Segment Information)

## (Segment information)

## 1. Reportable segments

Reportable segments of the Company are constituent units for which separate financial information is obtainable, and the Board of Directors periodically conducts examinations of these segments to determine the distribution of management resources and evaluate performance.

The Company's business is classified into the printing equipment business and real estate business and others, and domestic sales for the printing equipment business are effected by the Company's Sales Division and two regional subsidiaries. Overseas sales are effected by local entities in each country under the control of the Company's International Sales Division in the Americas, Europe and Asia. Local entities in each country constitute independent business units and business activities are undertaken with respect to products handled with comprehensive strategies formulated in collaboration with the Company's International Sales Division for each respective region.

Consequently, the Company's printing equipment business is made up of four reportable segments according to geography, namely "Japan," "The Americas," "Europe," and "Asia," based on the Company's sales framework.

## 2. Methods to determine the amounts of sales, income or loss, assets, liabilities and other items

The accounting method for the business segments that are reported is largely the same as the one for the consolidated financial statements.

Figures for reportable segment profit are on the basis of operating income.

For information regarding assets, liabilities and other items for each reportable segment, the Company has production bases in Japan, China and Thailand for the printing equipment business, and in terms of production activities, as the manufacture of products is carried out in those countries for all geographical areas of the printing equipment business, it is difficult to allocate assets and the like relating to production to specific regions. In addition, as real estate business and others is mainly real estate leasing, as a rule it does not have increases or decreases in assets. As a result, we carry out performance evaluations for each of these businesses mainly on the basis of profit and loss information, and information on assets, liabilities and the like is not disclosed as it is not treated as information central to the distribution of management resources and performance evaluation.

## 3. Information on sales and income or loss for each reportable segment

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	47,113	4,834	12,274	9,642	73,864	1,590	75,455
Segment income (loss)	5,557	(636)	(877)	404	4,448	462	4,910

(TRANSLATION FOR REFERENCE ONLY)

- Notes: 1. Real estate business and others includes real estate business and print creating business.
2. The main countries and areas included in each segment for the printing equipment business are as follows:
- (1) The Americas .....U.S. and Canada
  - (2) Europe .....Germany, United Kingdom and France
  - (3) Asia .....China, Thailand, South Korea and India
3. The total amount of segment income (loss) is the same as the amount of operating income on the consolidated statements of income.

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	48,662	5,728	16,191	11,777	82,358	1,579	83,938
Segment income (loss)	6,047	(415)	5	493	6,131	456	6,588

- Notes: 1. Real estate business and others includes real estate business and print creating business.
2. The main countries and areas included in each segment for the printing equipment business are as follows:
- (1) The Americas .....U.S. and Canada
  - (2) Europe .....Germany, United Kingdom and France
  - (3) Asia .....China, Thailand, South Korea and India
3. The total amount of segment income (loss) is the same as the amount of operating income on the consolidated statements of income.

(Pertinent information)

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

1. Information for each product and service

This item is omitted as it duplicates the information disclosed in segment information.

2. Information by each region

(1) Sales

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
48,637	4,895	12,274	9,647	75,455

Notes: Net sales are classified according to country or region, based on the domicile of customers.

The main countries or regions belonging to each classification are as follows.

The Americas: U.S. and Canada

Europe: Germany, United Kingdom and France

Asia: China, Thailand, South Korea and India

## (2) Property, plant and equipment

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
28,726	276	150	1,169	30,323

## 3. Information by each major customer

The Company's printing equipment business and real estate business and others make sales to an unspecified number of general customers. As there is no particular customer that accounts for 10% or more of sales, the disclosure of information by major customer is omitted.

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

## 1. Information for each product and service

This item is omitted as it duplicates the information disclosed in segment information.

## 2. Information by each region

## (1) Sales

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
50,077	5,870	16,202	11,788	83,938

Notes: Net sales are classified according to country or region, based on the domicile of customers.

The main countries or regions belonging to each classification are as follows.

The Americas: U.S. and Canada

Europe: Germany, United Kingdom and France

Asia: China, Thailand, South Korea and India

## (2) Property, plant and equipment

(Millions of yen)

Japan	The Americas	Europe	Asia	Total
30,106	403	226	2,005	32,742

## 3. Information by each major customer

The Company's printing equipment business and real estate business and others make sales to an unspecified number of general customers. As there is no particular customer that accounts for 10% or more of sales, the disclosure of information by major customer is omitted.

(Information on impairment loss on noncurrent assets for each reportable segment)

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Impairment loss	424	-	424

Notes: Impairment loss in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Impairment loss	111	-	111

Notes: Impairment loss in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

(Information on amortization of goodwill and remaining goodwill balance for each reportable segment)

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Amortized amount in current period	666	-	666
Balance at the end of current period	1,344	-	1,344

Notes: The balance of goodwill at the end of the current period in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Amortized amount in current period	668	-	668
Balance at the end of current period	679	-	679

Notes: The balance of goodwill at the end of the current period in the printing equipment business is not shown for each segment by geographic area, as it is the balance for the entire printing equipment business and is not allocated to specific geographic area.

(Information on gain on negative goodwill for each reportable segment)

Fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

No items to report

Fiscal year ended March 31, 2014 (from April 1, 2013 to March 31, 2014)

No items to report

(Subsequent event)

(Purchase of Treasury Stock)

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on May 8, 2014 to purchase treasury stock as described below, pursuant to the provisions of Article 156 of the Corporate Law as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Law.

- |  |   |
|--|---|
| (1) Reason for purchase of treasury stock: | The Company will conduct the purchase of treasury stock to carry out capital management that allows the Company to respond quickly to changes in the business environment and to distribute earnings to shareholders. |
| (2) Type of shares to be purchased:        | Common stock of the Company   |
| (3) Number of shares to be purchased:      | Up to 850,000 shares  |
| (4) Total purchase cost:                   | Up to 2,000,000,000 yen   |
| (5) Purchase period:                       | From May 19, 2014 to June 23, 2014  |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |