

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 <under Japanese GAAP>

Company name: **RISO KAGAKU CORPORATION**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6413
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Scheduled date of Regular General Meeting of Shareholders: June 25, 2013
 Scheduled date of dividend payment commencement: June 26, 2013
 Scheduled date to file Securities Report: June 26, 2013
 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, 2013 (from April 1, 2012 to March 31, 2013)

(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, 2013 | 75,455 | 0.8 | 4,910 | 21.2 | 5,512 | 27.9 | 4,827 | 67.2 |
| March 31, 2012 | 74,847 | (2.7) | 4,050 | (8.1) | 4,309 | (12.8) | 2,886 | (54.1) |

Note: Comprehensive income

Fiscal year ended March 31, 2013: 6,674 million yen / 167.8% Fiscal year ended March 31, 2012: 2,492 million yen / (51.0%)

| 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, 2013 | 205.80 | — | 7.6 | 6.0 | 6.5 |
| March 31, 2012 | 117.40 | — | 4.7 | 4.8 | 5.4 |

Reference: Equity in earnings (losses) of affiliates

Fiscal year ended March 31, 2013: — million yen Fiscal year ended March 31, 2012: — 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, 2013 | 95,452 | 66,033 | 69.2 | 2,857.52 |
| March 31, 2012 | 89,697 | 61,825 | 68.9 | 2,559.40 |

Reference: Shareholders' equity As of March 31, 2013: 66,033 million yen As of March 31, 2012: 61,825 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, 2013 | 7,287 | (5,174) | (2,246) | 21,612 |
| March 31, 2012 | 8,945 | (2,212) | (2,773) | 20,976 |

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, 2012 | – | 0.00 | – | 40.00 | 40.00 | 966 | 34.1 | 1.6 |
| Fiscal year ended March 31, 2013 | – | 0.00 | – | 55.00 | 55.00 | 1,270 | 26.7 | 2.0 |
| Fiscal year ending March 31, 2014 (Forecast) | – | 0.00 | – | 60.00 | 60.00 | | 38.5 | |

3. Forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2013 | 37,600 | 6.6 | 2,000 | (9.2) | 2,050 | (6.5) | 1,300 | (20.9) | 56.26 |
| Fiscal year ending March 31, 2014 | 79,300 | 5.1 | 5,400 | 10.0 | 5,500 | (0.2) | 3,600 | (25.4) | 155.79 |

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: Yes
 - 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, 2013 | 23,703,166 shares |
| As of March 31, 2012 | 25,703,166 shares |

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

| | |
|----------------------|------------------|
| As of March 31, 2013 | 594,498 shares |
| As of March 31, 2012 | 1,546,848 shares |

- c. Average number of shares during the period

| | |
|----------------------------------|-------------------|
| Fiscal year ended March 31, 2013 | 23,454,787 shares |
| Fiscal year ended March 31, 2012 | 24,587,899 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. Actual business may differ substantially from the forecasts due to various factors in the future.

Attached Materials

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1. Business Results

(1) Analysis of Results

a. Results of the fiscal year under review

The RISO Group (RISO) set forth and implemented the medium-term management policy of gaining new customers and achieving strong growth in the printing equipment business. In the fiscal year under review, which was the final fiscal year of the Fourth Medium-term Management Plan, RISO set forth, in its management policy, the objective of achieving a sales increase by expanding the inkjet business and maintaining the digital duplicating business. In Japan, in the inkjet business, the new series released in January of this year got off to a good start and drove overall sales. In the digital duplicating business, although sales fell, RISO strived to maintain profits by promoting installations of high valued-added models such as its two-color digital duplicators. Due to healthy growth in the overseas inkjet business as well, in the fiscal year under review, RISO recorded its first increase in net sales in five years.

Furthermore, since April 2011, the Company has put in place an operating structure to conduct both development and manufacturing of inkjet printers independently. As a result of this effort, in the fiscal year under review, cost of sales decreased and operating income increased in the inkjet business.

As a result, in the consolidated fiscal year under review, net sales were 75,455 million yen (up 0.8% year on year), operating income was 4,910 million yen (up 21.2% year on year), and ordinary income was 5,512 million yen (up 27.9% year on year). In addition, due to the booking of income taxes-deferred in line with the revision of the criteria for determining the collectability of deferred tax assets, net income was 4,827 million yen (up 67.2% year on year).

Please note that the average exchange rates during the consolidated fiscal year under review were 83.10 yen (a 4.02 yen depreciation of the yen year-on-year) for the US dollar and 107.14 yen (a 1.84 yen appreciation 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.

Although sales in the digital duplicating business decreased, sales in the inkjet business did well as installations of machines progressed and sales of consumables increased in line with those installations. As a result, in the printing equipment business, net sales were 73,864 million yen (up 1.0% year on year), and operating income was 4,448 million yen (up 26.0% year on year).

Japan

In the digital duplicating business, although RISO strived for new installations by focusing on sales of high valued-added models such as its two-color digital duplicators, sales decreased. In its inkjet business, sales were strong because of good results from launches of new products, and overall sales thus increased. Net sales were 47,113 million yen (up 1.2% year on year). In the inkjet business, due to the decrease in cost of sales, operating income was 5,557 million yen (up 7.9% year on year).

The Americas

In its inkjet business, with sales of consumables going well, sales increased from the previous year, but sales in the digital duplicating business decreased. Net sales were 4,834 million yen (down 6.6% year on year), while the operating loss decreased to 636 million yen (compared with an operating loss of 1,110 million yen in the same period of the previous year) on a reduction in selling, general and administrative expenses.

Europe

While sales in the inkjet business remained firm as sales of consumables increased on strengthened sales efforts aimed at high-volume users, sales in the digital duplicating business decreased. Due to the yen's appreciation against the euro, net sales were 12,274 million yen (down 0.9% year on year), and the operating loss was 877 million yen (compared with an operating loss of 897 million yen in the same period of the previous year).

Asia

While sales in the digital duplicating business increased, overall sales in the inkjet business went well as the sales structure was put in good order. Net sales were 9,642 million yen (up 7.0% year on year). Operating income, meanwhile, was 404 million yen (up 4.7% year on year).

- 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, mainly engaged in the print service business.

Net sales for the real estate business and others were 1,590 million yen (down 6.3% year on year) and operating income amounted to 462 million yen (down 11.3% year on year).

b. Business outlook for the next fiscal year

RISO regards overseas business expansion as its most important task, and it will gradually roll out new inkjet printer products overseas, putting a focus on gaining new customers worldwide. Furthermore, by proposing new applications of the products, RISO will aim to cultivate new markets and thereby increase sales and profits. RISO forecasts net sales of 79,300 million (up 5.1% year on year) in the next fiscal year. In addition, it forecasts operating income of 5,400 million yen (up 10.0% year on year), ordinary income of 5,500 million yen (down 0.2% year on year), and net income of 3,600 million yen (down 25.4% year on year).

Please note that, in the aforementioned forecast, the assumed exchange rates are 90 yen against the US dollar and 116 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 increased 5,754 million yen and 4,207 million yen, respectively.

The main changes in the assets portion include an increase of 696 million yen in notes and accounts receivable-trade, 644 million yen in deferred tax assets, 2,550 million yen in construction in progress, and 898 million yen in long-term deferred tax assets. In the liabilities portion, there was an increase of 2,094 million yen in income taxes payable, in contrast to decreases of 636 million yen in long-term deferred tax liabilities.

b. Cash flows

Cash and cash equivalents (“cash”) at the end of the fiscal year under review increased by 636 million yen year on year to 21,612 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 7,287 million yen (down 18.5% year on year). This is mainly attributable to income before income taxes and minority interests of 5,018 million yen, depreciation and amortization of 2,553 million yen, amortization of goodwill of 666 million yen, impairment loss of 424 million yen, a decrease in notes and accounts payable-trade of 867 million yen, and a decrease in accounts payable-other of 499 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 5,174 million yen (up 133.9% year on year). This is primarily the result of the expense of 4,282 million yen for the purchase of property, plant and equipment, and the expense of 796 million yen for the purchase of intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was 2,246 million yen (down 19.0% year on year). The result mainly reflects an expense of 1,499 million yen for the purchase of treasury stock, and payments of 966 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 55 yen per share, which will be an increase of 15 yen from the previous year. As for treasury stock, during the fiscal year under review, the Company acquired a total of 1,047,500 shares for 1,499 million yen, and it retired 2,000,000 shares in February 2013.

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, 25 subsidiaries, and 1 affiliated company. 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.

3. Management Policies

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

In formulating its Fourth Medium-term Management Plan (Riso Vision 13), whose final year was the fiscal year ended in March 31, 2013, RISO set forth the priority issue of achieving strong growth by gaining new customers in its printing equipment business. Accordingly, it implemented the following three items as its basic policy in order to improve profitability.

<Basic Policies in the Fourth Medium-Term Management Plan “Riso Vision 13”>

The aim of RISO Vision 13 is to realize strong growth by gaining new customers through the optimum utilization of corporate resources in order to re-establish a stable profit-making business model.

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

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

During the period of the Fourth Medium-term Management Plan (RISO Vision 13), sales channel construction and cultivation overseas did not proceed as planned. Furthermore, since yen appreciation was greater than assumed when the plan was formulated, RISO could not achieve 83 billion yen in consolidated net sales, which was the target for the final fiscal year. On the profit front, the Company constructed an operating structure for it to develop and manufacture inkjet printers independently. In addition, by working to carry out a cost reduction review including a business restructuring in its North American subsidiaries, the Company achieved its target of 2.5 billion yen for consolidated operating income in each of the three years of that medium-term management plan.

In order to continue pursuing expansion of sales channels and gaining of new customers, from the fiscal year ending in March 31, 2014, RISO will work to carry out its Fifth Medium-term Management Plan (RISO Vision 16), whose final year is the fiscal year ending in March 31, 2016. In particular, as its most important task, RISO will work to expand its overseas business.

<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. In addition, while the level of overseas sales remains low, we recognize the urgency of our efforts to construct and cultivate overseas sales channels.

Under these circumstances, RISO has formulated its fifth Medium-term Management Plan. RISO's Management Policy for the Fiscal Year Ending March 31, 2014, which is the first year of the aforementioned plan, is as follows.

<Management Policies for Fiscal Year Ending March 31, 2014>

- a. Promote gaining of new markets and new customers throughout the whole RISO Group
- b. Strengthen the overseas sales management and sales planning functions to expand overseas business
- c. Utilize newly establishing RISO Research and Design Center efficiently and accelerate development
- d. Establish production facilities towards optimization of global plant network

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

| | As of March 31, 2012 | As of March 31, 2013 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 13,377 | 13,901 |
| Notes and accounts receivable-trade | 14,240 | 14,936 |
| Short-term investment securities | 8,731 | 8,987 |
| Merchandise and finished goods | 8,916 | 9,304 |
| Work in process | 548 | 486 |
| Raw materials and supplies | 1,928 | 2,421 |
| Deferred tax assets | 1,400 | 2,045 |
| Other | 1,840 | 1,638 |
| Allowance for doubtful accounts | (275) | (291) |
| Total current assets | 50,707 | 53,429 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 17,982 | 17,914 |
| Accumulated depreciation | (11,853) | (12,290) |
| Buildings and structures, net | 6,129 | 5,624 |
| Machinery, equipment and vehicles | 7,114 | 7,547 |
| Accumulated depreciation | (6,192) | (6,523) |
| Machinery, equipment and vehicles, net | 921 | 1,024 |
| Tools, furniture and fixtures | 14,841 | 14,940 |
| Accumulated depreciation | (14,318) | (14,051) |
| Tools, furniture and fixtures, net | 522 | 889 |
| Land | 16,943 | 17,129 |
| Lease assets | 328 | 263 |
| Accumulated depreciation | (183) | (124) |
| Lease assets, net | 145 | 138 |
| Construction in progress | 427 | 2,978 |
| Other | 10,964 | 10,021 |
| Accumulated depreciation | (8,515) | (7,483) |
| Other, net | 2,449 | 2,537 |
| Total property, plant and equipment | 27,540 | 30,323 |
| Intangible assets | | |
| Goodwill | 2,009 | 1,344 |
| Software | 2,303 | 2,404 |
| Other | 2,397 | 1,887 |
| Total intangible assets | 6,709 | 5,636 |
| Investments and other assets | | |
| Investment securities | 1,463 | 1,824 |
| Long-term loans receivable | 239 | 190 |
| Deferred tax assets | – | 898 |
| Other | 3,142 | 3,207 |
| Allowance for doubtful accounts | (104) | (58) |
| Total investments and other assets | 4,740 | 6,062 |
| Total noncurrent assets | 38,989 | 42,022 |
| Total assets | 89,697 | 95,452 |

(Millions of yen)

| | As of March 31, 2012 | As of March 31, 2013 |
|---|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 11,197 | 11,149 |
| Short-term loans payable | 2,227 | 2,839 |
| Current portion of long-term loans payable | 2 | 2 |
| Income taxes payable | 290 | 2,384 |
| Provision for bonuses | 1,578 | 1,631 |
| Provision for directors' bonuses | 50 | 66 |
| Provision for product warranties | 93 | 48 |
| Other | 7,235 | 6,847 |
| Total current liabilities | 22,676 | 24,969 |
| Noncurrent liabilities | | |
| Long-term loans payable | 38 | 35 |
| Deferred tax liabilities | 636 | – |
| Provision for retirement benefits | 3,691 | 3,807 |
| Provision for loss on litigation | 57 | – |
| Other | 771 | 605 |
| Total noncurrent liabilities | 5,195 | 4,448 |
| Total liabilities | 27,872 | 29,418 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 14,114 | 14,114 |
| Capital surplus | 14,779 | 14,779 |
| Retained earnings | 37,874 | 39,159 |
| Treasury stock | (2,011) | (935) |
| Total shareholders' equity | 64,757 | 67,118 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | (107) | 249 |
| Foreign currency translation adjustment | (2,825) | (1,334) |
| Total accumulated other comprehensive income | (2,932) | (1,085) |
| Total net assets | 61,825 | 66,033 |
| Total liabilities and net assets | 89,697 | 95,452 |

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

(Millions of yen)

| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|---|-------------------------------------|-------------------------------------|
| Net sales | 74,847 | 75,455 |
| Cost of sales | 34,259 | 33,286 |
| Gross profit | 40,588 | 42,168 |
| Selling, general and administrative expenses | 36,538 | 37,258 |
| Operating income | 4,050 | 4,910 |
| Non-operating income | | |
| Interest income | 156 | 168 |
| Dividends income | 32 | 32 |
| Foreign exchange gains | – | 165 |
| Other | 356 | 387 |
| Total non-operating income | 545 | 753 |
| Non-operating expenses | | |
| Interest expenses | 47 | 58 |
| Foreign exchange losses | 146 | – |
| Loss on retirement of noncurrent assets | 30 | 51 |
| Other | 61 | 40 |
| Total non-operating expenses | 286 | 151 |
| Ordinary income | 4,309 | 5,512 |
| Extraordinary income | | |
| Insurance return | 43 | 38 |
| Gain on transfer of goodwill | 263 | 22 |
| Gain on transfer of business | 110 | – |
| Total extraordinary income | 417 | 61 |
| Extraordinary loss | | |
| Impairment loss | 210 | 424 |
| Business structure improvement expenses | 93 | 109 |
| Loss on valuation of investment securities | – | 21 |
| Loss on factory restructurings | 143 | – |
| Total extraordinary losses | 447 | 555 |
| Income before income taxes and minority interests | 4,280 | 5,018 |
| Income taxes-current | 430 | 2,398 |
| Income taxes-deferred | 962 | (2,206) |
| Total income taxes | 1,393 | 191 |
| Income before minority interests | 2,886 | 4,827 |
| Net income | 2,886 | 4,827 |

(Consolidated statements of comprehensive income)

| | (Millions of yen) | |
|---|-------------------------------------|-------------------------------------|
| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
| Income before minority interests | 2,886 | 4,827 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (85) | 356 |
| Foreign currency translation adjustment | (308) | 1,490 |
| Total other comprehensive income | (394) | 1,847 |
| Comprehensive income | 2,492 | 6,674 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent | 2,492 | 6,674 |
| Comprehensive income attributable to minority interests | - | - |

(3) Consolidated statements of changes in net assets

(Millions of yen)

| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|--|-------------------------------------|-------------------------------------|
| Shareholders' equity | | |
| Capital stock | | |
| Balance at the beginning of current period | 14,114 | 14,114 |
| Balance at the end of current period | 14,114 | 14,114 |
| Capital surplus | | |
| Balance at the beginning of current period | 14,779 | 14,779 |
| Balance at the end of current period | 14,779 | 14,779 |
| Retained earnings | | |
| Balance at the beginning of current period | 36,249 | 37,874 |
| Changes of items during the period | | |
| Dividends from surplus | (1,261) | (966) |
| Net income | 2,886 | 4,827 |
| Retirement of treasury stock | - | (2,575) |
| Total changes of items during the period | 1,624 | 1,284 |
| Balance at the end of current period | 37,874 | 39,159 |
| Treasury stock | | |
| Balance at the beginning of current period | (511) | (2,011) |
| Changes of items during the period | | |
| Purchase of treasury stock | (1,500) | (1,500) |
| Retirement of treasury stock | - | 2,575 |
| Total changes of items during the period | (1,500) | 1,075 |
| Balance at the end of current period | (2,011) | (935) |
| Total shareholders' equity | | |
| Balance at the beginning of current period | 64,633 | 64,757 |
| Changes of items during the period | | |
| Dividends from surplus | (1,261) | (966) |
| Net income | 2,886 | 4,827 |
| Purchase of treasury stock | (1,500) | (1,500) |
| Retirement of treasury stock | - | - |
| Total changes of items during the period | 124 | 2,360 |
| Balance at the end of current period | 64,757 | 67,118 |

(Millions of yen)

| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|---|-------------------------------------|-------------------------------------|
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the beginning of current period | (21) | (107) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (85) | 356 |
| Total changes of items during the period | (85) | 356 |
| Balance at the end of current period | (107) | 249 |
| Foreign currency translation adjustment | | |
| Balance at the beginning of current period | (2,516) | (2,825) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (308) | 1,490 |
| Total changes of items during the period | (308) | 1,490 |
| Balance at the end of current period | (2,825) | (1,334) |
| Total accumulated other comprehensive income | | |
| Balance at the beginning of current period | (2,538) | (2,932) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | (394) | 1,847 |
| Total changes of items during the period | (394) | 1,847 |
| Balance at the end of current period | (2,932) | (1,085) |
| Total net assets | | |
| Balance at the beginning of current period | 62,095 | 61,825 |
| Changes of items during the period | | |
| Dividends from surplus | (1,261) | (966) |
| Net income | 2,886 | 4,827 |
| Purchase of treasury stock | (1,500) | (1,500) |
| Retirement of treasury stock | - | - |
| Net changes of items other than shareholders' equity | (394) | 1,847 |
| Total changes of items during the period | (269) | 4,207 |
| Balance at the end of current period | 61,825 | 66,033 |

(4) Consolidated statements of cash flows

(Millions of yen)

| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|--|-------------------------------------|-------------------------------------|
| Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 4,280 | 5,018 |
| Depreciation and amortization | 2,319 | 2,553 |
| Impairment loss | 210 | 424 |
| Amortization of goodwill | 659 | 666 |
| Increase (decrease) in provision for retirement benefits | 94 | 116 |
| Increase (decrease) in provision for directors' bonuses | (10) | 16 |
| Increase (decrease) in allowance for doubtful accounts | (206) | (65) |
| Interest and dividends income | (188) | (200) |
| Gain on maturity of insurance contract | (43) | (38) |
| Interest expenses | 47 | 58 |
| Foreign exchange losses (gains) | 176 | (221) |
| Loss (gain) on transfer of business | (110) | - |
| Decrease (increase) in notes and accounts receivable-trade | (547) | 291 |
| Decrease (increase) in inventories | 1,307 | 26 |
| Increase (decrease) in notes and accounts payable-trade | (1,037) | (867) |
| Increase (decrease) in accounts payable-other | 1,189 | (499) |
| Other, net | 1,468 | 231 |
| Subtotal | 9,608 | 7,508 |
| Interest and dividends income received | 187 | 202 |
| Interest expenses paid | (45) | (65) |
| Income taxes paid | (832) | (361) |
| Income taxes refund | 27 | 2 |
| Net cash provided by (used in) operating activities | 8,945 | 7,287 |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (1,519) | (1,547) |
| Proceeds from withdrawal of time deposits | 1,198 | 1,504 |
| Purchase of property, plant and equipment | (869) | (4,282) |
| Proceeds from sales of property, plant and equipment | 19 | 42 |
| Purchase of intangible assets | (1,158) | (796) |
| Proceeds from sales of investment securities | 13 | 8 |
| Payments of loans receivable | (23) | (0) |
| Collection of loans receivable | 23 | 3 |
| Proceeds from maturity of insurance funds | 87 | 78 |
| Proceeds from transfer of business | 110 | - |
| Other, net | (94) | (184) |
| Net cash provided by (used in) investing activities | (2,212) | (5,174) |

(Millions of yen)

| | Fiscal year ended March 31, 2012 | Fiscal year ended March 31, 2013 |
|---|-------------------------------------|-------------------------------------|
| Net cash provided by (used in) financing activities | | |
| Net increase (decrease) in short-term loans payable | 85 | 287 |
| Repayment of long-term loans payable | (16) | (2) |
| Purchase of treasury stock | (1,499) | (1,499) |
| Repayments of lease obligations | (79) | (65) |
| Cash dividends paid | (1,262) | (966) |
| Other, net | (0) | (0) |
| Net cash provided by (used in) financing activities | (2,773) | (2,246) |
| Effect of exchange rate change on cash and cash equivalents | (113) | 769 |
| Net increase (decrease) in cash and cash equivalents | 3,846 | 636 |
| Cash and cash equivalents at beginning of period | 17,130 | 20,976 |
| Cash and cash equivalents at end of period | 20,976 | 21,612 |

(Changes in Accounting Principles)

Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates

Following the revision of the Corporation Tax Act, the Company and its domestic consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012, from the current first quarter.

As a result of this change, operating income, ordinary income, and income before income taxes and minority interests for the fiscal year under review have each increased 105 million yen in comparison with the previous method.

(Segment Information)

a. 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, 2012 (from April 1, 2011 to March 31, 2012)

(Millions of yen)

| | Printing equipment business | | | | | Real estate business and others | Total |
|-----------------------|-----------------------------|--------------|--------|-------|--------|---------------------------------|--------|
| | Japan | The Americas | Europe | Asia | Total | | |
| Sales | 46,572 | 5,177 | 12,390 | 9,008 | 73,149 | 1,698 | 74,847 |
| Segment income (loss) | 5,150 | (1,110) | (897) | 386 | 3,528 | 521 | 4,050 |

(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 AmericasU.S. and Canada
 - (2) EuropeGermany, United Kingdom and France
 - (3) AsiaChina, 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, 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 |

- 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 AmericasU.S. and Canada
 - (2) EuropeGermany, United Kingdom and France
 - (3) AsiaChina, 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.

b. Pertinent information

Fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012)

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 |
|--------|--------------|--------|-------|--------|
| 48,196 | 5,231 | 12,390 | 9,029 | 74,847 |

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 |
|--------|--------------|--------|------|--------|
| 26,199 | 331 | 155 | 854 | 27,540 |

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, 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.

c. Information on impairment loss on noncurrent assets for each reportable segment

Fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Millions of yen)

| | Printing equipment business | Real estate business and others | Total |
|-----------------|-----------------------------|---------------------------------|-------|
| Impairment loss | 210 | - | 210 |

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, 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.

d. Information on amortization of goodwill and remaining goodwill balance for each reportable segment

Fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Millions of yen)

| | Printing equipment business | Real estate business and others | Total |
|--------------------------------------|-----------------------------|---------------------------------|-------|
| Amortized amount in current period | 659 | - | 659 |
| Balance at the end of current period | 2,009 | - | 2,009 |

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, 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.

e. Information on gain on negative goodwill for each reportable segment

Fiscal year ended March 31, 2012 (from April 1, 2011 to March 31, 2012)

No items to report

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

No items to report

(Subsequent events)

The Company's Board of Directors resolved at the meeting held on May 7, 2013 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) Type of shares to be purchased: Common stock of the Company
- (2) Number of shares to be purchased: 1,000,000 shares
- (3) Total purchase cost: 2,000,000,000 yen
- (4) Purchase period: From May 16, 2013 to July 16, 2013