Translation

May 9, 2011

Consolidated Financial Results for the Fiscal Year Ended March 31, 2011 <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 24, 2011
Scheduled date of dividend payment commencement: June 27, 2011
Scheduled date to file Securities Report: June 27, 2011
Preparation of supplementary information on business results: Yes
Holding of briefing on business results: Yes (for analysts)

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

1. Consolidated performance for the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	76,897	(2.0)	4,406	164.0	4,939	133.7	6,288	–
March 31, 2010	78,469	(6.3)	1,669	–	2,113	–	(5,937)	–

Note: Comprehensive income
Fiscal year ended March 31, 2011: 5,091 million yen (–%) Fiscal year ended March 31, 2010: (6,257) million yen (–%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2011	247.45	–	10.4	5.5	5.7
March 31, 2010	(231.06)	–	(9.6)	2.3	2.1

Reference: Equity in earnings (losses) of affiliates
Fiscal year ended March 31, 2011: 358 million yen Fiscal year ended March 31, 2010: 634 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2011	89,854	62,095	69.1	2,460.43
March 31, 2010	88,434	58,275	65.9	2,267.89

Reference: Equity As of March 31, 2011: 62,095 million yen As of March 31, 2010: 58,275 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, 2011	6,362	(3,006)	(3,622)	17,130
March 31, 2010	(1,969)	(1,898)	(1,250)	17,910

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, 2010	–	0.00	–	30.00	30.00	770	–	1.2
Fiscal year ended March 31, 2011	–	0.00	–	50.00	50.00	1,261	20.2	2.1
Fiscal year ending March 31, 2012 (Forecast)	–	0.00	–	40.00	40.00		39.9	

3. Forecasts for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(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, 2011	36,570	(2.4)	600	(67.5)	660	(66.3)	840	(53.7)	33.28
Fiscal year ending March 31, 2012	77,700	1.0	2,500	(43.3)	2,510	(49.2)	2,530	(59.8)	100.25

4. Others

(1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Newly consolidated: one company (Name: ORTEK CORPORATION)

(2) Changes in accounting policies, procedures, and methods of presentation

a. Changes due to revisions to accounting standards and other regulations: Yes

b. Changes due to other reasons: None

(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, 2011	25,703,166 shares
As of March 31, 2010	26,643,166 shares

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

As of March 31, 2011	465,585 shares
As of March 31, 2010	947,078 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2011	25,412,325 shares
Fiscal year ended March 31, 2010	25,696,067 shares

(Reference) Non-consolidated performance for the fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2011	64,532	(2.3)	4,061	622.1	5,410	476.5	5,239	–
March 31, 2010	66,081	(3.5)	562	–	938	–	(5,637)	–

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2011	206.19	–
March 31, 2010	(219.39)	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2011	84,302	60,261	71.5	2,387.76
March 31, 2010	80,919	56,578	69.9	2,201.82

Reference: Equity As of March 31, 2011: 60,261 million yen As of March 31, 2010: 56,578 million yen

* 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

Aiming to promote improvements in our profitability through the acquisition of new customers in the printing equipment business, the Riso Group (RISO) carried out business activities focused on achieving two essential objectives for the fiscal year, namely “develop, cultivate and strengthen sales channels in the inkjet business” and “improve internal structure for product development best suited to the markets.”

With respect to developing, cultivating and strengthening sales channels in the inkjet business, overseas, RISO focused on constructing sales channels to develop new demand, while in Japan, we cultivated sales channels and strengthened our sales relationships with dealers in several ways such as sharing sales information, and achieved steady sales growth. As for improving internal structure for product development best suited to the markets, we established an overseas marketing division and created a system whereby the overseas marketing division collaborated with the development division to ensure needs of the overseas market could be reflected in product planning.

While the inkjet business grew in this way, RISO changed its inkjet business structure to aim at more efficient business expansion. The Company and Olympus Corporation established ORTEK CORPORATION as a joint venture between the two companies in September 2003 and the two companies had been conducting joint development of inkjet printers. However, by mutual consensus, this joint venture agreement was terminated effective March 31, 2011. The Company, while receiving the transfer of part of the business of Olympus Corporation and Okaya Olympus Co., Ltd., acquired all the shares of ORTEK CORPORATION held by Olympus Corporation (share ownership of 50%). Through these transactions, ORTEK CORPORATION, which had been an affiliate of the Company under the equity method, became a wholly owned subsidiary. The Company will now carry out the inkjet business, which has been conducted as a joint venture with the Olympus Group up until now, as an independently run business.

Looking at the printing equipment business during the fiscal year under review, sales expanded both in Japan and in Europe in the inkjet business. Regarding the digital duplicating business, despite an increase in sales in emerging countries, overall sales dropped due to lower sales in developed countries. Net sales were down 2.0% from the previous fiscal year to 76,897 million yen. Please note that, based on a trial calculation of net sales that deducts the effect from foreign exchange rates, the year-on-year result was up 1.4%.

In terms of profit, there was an increase in gross profit due to a higher sales ratio of high value-added models and the reduction of costs in the inkjet business. Operating income was 4,406 million yen (up 164.0% year on year), benefiting from a decrease in selling, general and administrative expenses achieved through business restructuring at a North American subsidiary. Ordinary income was 4,939 million yen (up 133.7% year on year). In addition, an extraordinary income (gain on step acquisition) of 1,293 million yen was recognized due to ORTEK CORPORATION, which was an affiliate of the Company under the equity method, becoming a consolidated subsidiary. As a result, net income was 6,288 million yen (compared with a net loss of 5,937 million yen in the previous fiscal year).

Please note that the average exchange rates over the fiscal year under review were 85.72 yen (a 7.13 yen appreciation of the yen year on year) for the US dollar and 113.12 yen (an 18.03 yen appreciation of the yen year on year) for the euro.

Regarding the reporting by segments, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” are applied. Until the previous fiscal year, the Company had been conducting reporting by business segment (the “printing equipment-related business,” the “real estate business and others”) and by geographical segment (“Japan,” “The Americas,” “Europe,” “Asia”) but from the fiscal year ended March 31, 2011, reporting will be conducted using the segmentation of “printing equipment business” and “real estate business and others,” which are adopted for internal management.

The “printing equipment business” is reported in four reportable segments according to geography, namely “Japan,” “The Americas,” “Europe,” and “Asia,” based on the Company’s sales framework. Please note that the print creating business which had been included in the “printing equipment-related business” is grouped in the “real estate business and others.”

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 printers.

Sales in the inkjet business were strong in Japan and Europe. Sales in the digital duplicating business rose in the Middle and Near East, Africa and Asia, but declined in the developed countries.

Net sales in the printing equipment business totaled 75,191 million yen (down 1.9% year on year), partly due to the impact of the appreciated yen, with operating income at 3,825 million yen (up 224.9% year on year)

Japan

Sales in the inkjet business were buoyant due to an increase in sales of high-end models in the ORPHIS X series and a steady increase in consumables sales. Sales in the digital duplicating business continued to decrease. As a result, net sales stood at 46,082 million yen (up 0.7% year on year), and due to an increase in gross profit, operating income amounted to 4,147 million yen (up 48.2% year on year).

The Americas

Sales in the inkjet business failed to grow despite efforts to develop and cultivate a strong sales force at distributors and expand sales in the private sector market.

In the digital duplicating business, efforts that focused on developing RISO’s business in Latin America led to an increase in sales in that market, but sales declined overall due to a drop in sales in North America. With effects of the appreciated yen, net sales totaled 6,747 million yen (down 15.1% year on year). Although the North American subsidiary carried out business restructuring and reduced selling, general and administrative expenses, overall operating loss was 1,582 million yen (compared with an operating loss of 1,645 million yen in the previous fiscal year).

Europe

Sales were strong in the inkjet business owing to the sales of the ComColor series that was launched in April 2010. Sales in the digital duplicating business rose in emerging countries such as the Middle and Near East and Africa, but declined in the developed countries. As a result, net sales, affected by the appreciated yen, stood at 13,203 million yen (down 5.6% year on year) while operating income was 0 million yen (compared with an operating loss of 710 million yen in the previous fiscal year).

Asia

Sales in the digital duplicating business were firm overall. As a result, net sales amounted to 9,157 million yen (up 2.2% year on year) and operating income totaled 1,259 million yen (up 71.4% year on year).

・ Real estate business and others

RISO operates a real estate business with earnings from the leasing of the Omotesando Building and Shin-Osaka Building, among others, as well as a print creating business engaged in the print services and screen printing-related products, and an insurance agency business.

Net sales for the real estate business and others were 1,705 million yen (down 6.3% year on year) and operating income amounted to 581 million yen (up 18.2% year on year).

b. Business outlook for the next fiscal year

Although we are experiencing some interruptions with respect to supply of parts and raw materials as a result of the Great East Japan Earthquake, RISO is responding with a range of measures such as procurement of replacement parts and raw materials and is striving to maintain stable production and continuous supply of products.

In the inkjet business, the Company, following the termination of the joint venture agreement with Olympus Corporation, is developing and manufacturing inkjet printers independently. On the sales front, we are focusing on sales expansion by developing and cultivating new sales channels while strengthening relationships in existing sales channels.

By carrying out these measures, RISO is forecasting net sales of 77,700 million yen for the next fiscal year. As for profit, although we are forecasting an increase in gross profit by reducing costs through the in-house manufacturing of ORPHIS printers, also accompanying the business transfer will be amortization of goodwill and an increase in development costs at an early stage. As a result, RISO is forecasting operating income of 2,500 million yen, ordinary income of 2,510 million yen and net income of 2,530 million yen.

In the above forecast, we use the exchange rate of 86 yen against the US dollar and 115 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 1,420 million yen and 3,819 million yen, respectively.

The main changes in the assets portion include increases of 2,633 million yen in goodwill and 2,582 million yen in other intangible assets and decreases of 339 million yen in notes and accounts receivable-trade, 873 million yen in short-term investment securities, 303 million yen in merchandise and finished goods and 1,078 million yen in other investments. In the liabilities portion, short-term loans payable was down 2,672 million yen

b. Cash flows

Cash and cash equivalents ("cash") at the end of the fiscal year under review decreased by 780 million yen year on year to 17,130 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 6,362 million yen (compared to 1,969 million yen of net cash used in the previous fiscal year). This is mainly attributable to income before income taxes and minority interests of 6,073 million yen, depreciation and amortization of 2,528 million yen, gain on step acquisitions of 1,293 million yen and income taxes paid of 590 million yen.

(Cash flows from investing activities)

Net cash used in investing activities was 3,006 million yen (up 58.4% year on year). This is primarily the result of the expense of 632 million yen for the purchase of property, plant and equipment, the expense of 1,015 million yen for the purchase of intangible assets, the expense of 124 million yen for the purchase of investments in subsidiaries resulting from change in scope of consolidation and the expense of 1,711 million yen for the transfer of business.

(Cash flows from financing activities)

Net cash used in financing activities was 3,622 million yen (up 189.6% year on year). The result mainly reflects a net decrease of 2,241 million yen in short-term loans payable, the expense of 499 million yen for purchase of treasury stock and payments of 771 million yen for cash dividends.

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

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.

Concerning the year-end dividend for the fiscal year under review, we plan to pay 50 yen per share, an increase of

20 yen per share compared with the initial dividend forecast as a result of the greater-than-planned income. For the next fiscal year, we plan to pay a dividend of 40 yen per share as a decrease in income is expected as a result of the amortization of goodwill and an increase in development costs.

With respect to the purchase of treasury stock, the Company purchased 457,900 shares during the period August 16–20, 2010. In addition, the Company retired 940,000 shares of treasury stock on August 16, 2010.

2. Status of the Corporate Group

The Riso Group (RISO) consists of the Company, 26 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

Printing equipment - Research and development
ORTEK 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 TECHNOLOGY ZHUHAI CO., LTD.
Printing equipment - Manufacture
RISO INDUSTRIES (H.K.) LTD.

3. Management Policies

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

RISO has formulated its fourth medium-term management plan (RISO Vision 13), whose final year ends in March 31, 2013, and is striving to improve its profitability with a focus on achieving strong growth by gaining new customers in the printing equipment business as the essential objective.

<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 utilization of optimum corporate resources in order to re-establish a stable profit-making business model.

a. Develop, cultivate and strengthen sales channels in the inkjet business

   Aiming to strengthen its sales force, RISO is focusing on developing sales channels with a strong sales force in specific locations and business fields while working to provide appropriate sales assistance by making group-wide sharing of sales information possible.

b. Build up both the product planning system and sales planning system on a global basis

   Aiming to provide products that suit the needs in the market, RISO is strengthening overseas marketing functions and better reflecting market needs in product planning. We are also promoting proposal based sales that are sensitive to the regional preferences and scope of use of customers.

c. Conduct a dynamic review of both the manufacturing system as well as the structure of selling, general and administrative expenses

   Aiming to lower the ratio of selling and administrative expenses to net sales, RISO is striving to energize and streamline sales activities on a group-wide basis. In addition, aiming to realize profitability that is not vulnerable to the effect of foreign exchange, RISO is reviewing its manufacturing system and working to further reduce costs.

(2) Business Performance Target

RISO aims to increase new customers in markets where there is demand for high-volume printing, and realize a stable revenue structure. In the fourth medium-term management plan (RISO Vision 13), in the fiscal year ending March 31, 2013, RISO is aiming for consolidated net sales of 83.0 billion yen and consolidated operating income of 2.5 billion yen. We are continuously working to expand our sales and strengthen the revenue structure of the printing equipment business.

(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 overseas sales ratio remains low, we recognize the urgency of our efforts to construct and cultivate overseas sales channels.

Operating under these circumstances, in the year ending March 31, 2012, the second year of the fourth medium-term management plan, RISO will focus on the following essential objectives.

<Management Policies for Fiscal Year Ending March 31, 2012>

While working to overcome the destabilizing factors caused by the earthquake and its aftermath, RISO shall energize its sales activities and strengthen its profit structure.

a. Steady production and continuous shipment of consumables and hardware

   RISO will strive to maintain a level of quality that satisfies customers and ensure steady shipment of products even in the event that necessitates any use of substitutes for parts and raw materials due to the impact of the Great East Japan Earthquake.

b. Establishment of inkjet development and production systems for entirely in-house operations

   While striving to enhance capabilities for the inkjet development technology, RISO will establish a system to produce high quality inkjet products.

c. Development, cultivation and strengthening of overseas sales channels

   In overseas market, RISO will strive to develop its sales channels for the inkjet business and strengthen its sales power. In the digital duplicating business, RISO will strive to secure profit through providing products and services that reflect regionally specific needs.

d. Cultivating new market segments and strengthening relationships with customers in existing sales channels in Japan

   In Japan, RISO will strive to cultivate new market segments to gain new customers.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	13,656	13,780
Notes and accounts receivable-trade	14,221	13,881
Short-term investment securities	4,969	4,096
Merchandise and finished goods	11,591	11,287
Work in process	403	416
Raw materials and supplies	1,276	1,230
Deferred tax assets	1,548	2,495
Other	2,355	2,561
Allowance for doubtful accounts	(451)	(485)
Total current assets	49,571	49,263
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	17,924	17,900
Accumulated depreciation	(11,170)	(11,530)
Buildings and structures, net	6,754	6,369
Machinery, equipment and vehicles	7,746	7,170
Accumulated depreciation	(6,577)	(6,232)
Machinery, equipment and vehicles, net	1,169	937
Tools, furniture and fixtures	15,682	15,189
Accumulated depreciation	(14,512)	(14,486)
Tools, furniture and fixtures, net	1,169	702
Land	17,139	17,139
Lease assets	349	344
Accumulated depreciation	(178)	(212)
Lease assets, net	170	132
Construction in progress	92	83
Other	13,174	11,911
Accumulated depreciation	(9,200)	(8,835)
Other, net	3,973	3,076
Total property, plant and equipment	30,469	28,442
Intangible assets		
Goodwill	–	2,633
Software	1,749	1,552
Other	547	3,129
Total intangible assets	2,296	7,315
Investments and other assets		
Investment securities	1,767	1,572
Long-term loans receivable	149	123
Other	4,343	3,265
Allowance for doubtful accounts	(163)	(126)
Total investments and other assets	6,097	4,833
Total noncurrent assets	38,863	40,591
Total assets	88,434	89,854

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,055	12,366
Short-term loans payable	4,832	2,160
Current portion of long-term loans payable	5	3
Income taxes payable	316	720
Provision for bonuses	1,370	1,550
Provision for directors' bonuses	–	60
Provision for product warranties	135	136
Other	5,288	5,268
Total current liabilities	25,005	22,267
Noncurrent liabilities		
Long-term loans payable	68	53
Deferred tax liabilities	215	767
Provision for retirement benefits	3,524	3,597
Provision for loss on litigation	66	65
Other	1,278	1,008
Total noncurrent liabilities	5,153	5,492
Total liabilities	30,159	27,759
Net assets		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	32,108	36,249
Treasury stock	(1,386)	(511)
Total shareholders' equity	59,616	64,633
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	263	(21)
Foreign currency translation adjustment	(1,604)	(2,516)
Total accumulated other comprehensive income	(1,340)	(2,538)
Minority interests	–	–
Total net assets	58,275	62,095
Total liabilities and net assets	88,434	89,854

(2) Consolidated statements of (comprehensive) income

(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net sales	78,469	76,897
Cost of sales	40,053	38,273
Gross profit	38,416	38,624
Selling, general and administrative expenses	36,746	34,217
Operating income	1,669	4,406
Non-operating income		
Interest income	161	201
Dividends income	29	37
Equity in earnings of affiliates	634	358
Other	247	353
Total non-operating income	1,073	951
Non-operating expenses		
Interest expenses	117	91
Foreign exchange losses	261	166
Loss on retirement of noncurrent assets	188	71
Other	62	88
Total non-operating expenses	629	418
Ordinary income	2,113	4,939
Extraordinary income		
Gain on step acquisitions	–	1,293
Insurance return	102	35
Settlement package	165	–
Reversal of allowance for doubtful accounts	43	–
Total extraordinary income	311	1,328
Extraordinary loss		
Business structure improvement expenses	402	194
Expenses paid on withdrawal from employees' pension fund	5,835	–
Impairment loss	79	–
Provision for loss on litigation	67	–
Total extraordinary losses	6,384	194
Income (loss) before income taxes and minority interests	(3,960)	6,073
Income taxes-current	368	564
Income taxes for prior periods	–	44
Income taxes-deferred	1,608	(823)
Total income taxes	1,976	(214)
Income before minority interests	–	6,288
Net income (loss)	(5,937)	6,288

(Consolidated statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Income before minority interests	–	6,288
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(284)
Foreign currency translation adjustment	–	(912)
Total other comprehensive income	–	(1,197)
Comprehensive income	–	5,091
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	–	5,091
Comprehensive income attributable to minority interests	–	–

(3) Consolidated statements of changes in net assets

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	14,114	14,114
Balance at the end of current period	14,114	14,114
Capital surplus		
Balance at the end of previous period	14,779	14,779
Balance at the end of current period	14,779	14,779
Retained earnings		
Balance at the end of previous period	38,816	32,108
Changes of items during the period		
Dividends from surplus	(770)	(770)
Net income (loss)	(5,937)	6,288
Disposal of treasury stock	(0)	–
Retirement of treasury stock	–	(1,375)
Total changes of items during the period	(6,708)	4,141
Balance at the end of current period	32,108	36,249
Treasury stock		
Balance at the end of previous period	(1,386)	(1,386)
Changes of items during the period		
Purchase of treasury stock	(0)	(500)
Disposal of treasury stock	0	–
Retirement of treasury stock	–	1,375
Total changes of items during the period	(0)	875
Balance at the end of current period	(1,386)	(511)
Total shareholders' equity		
Balance at the end of previous period	66,325	59,616
Changes of items during the period		
Dividends from surplus	(770)	(770)
Net income (loss)	(5,937)	6,288
Purchase of treasury stock	(0)	(500)
Disposal of treasury stock	0	–
Retirement of treasury stock	–	–
Total changes of items during the period	(6,708)	5,016
Balance at the end of current period	59,616	64,633

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	304	263
Changes of items during the period		
Net changes of items other than shareholders' equity	(40)	(284)
Total changes of items during the period	(40)	(284)
Balance at the end of current period	263	(21)
Foreign currency translation adjustment		
Balance at the end of previous period	(1,324)	(1,604)
Changes of items during the period		
Net changes of items other than shareholders' equity	(279)	(912)
Total changes of items during the period	(279)	(912)
Balance at the end of current period	(1,604)	(2,516)
Total accumulated other comprehensive income		
Balance at the end of previous period	(1,020)	(1,340)
Changes of items during the period		
Net changes of items other than shareholders' equity	(320)	(1,197)
Total changes of items during the period	(320)	(1,197)
Balance at the end of current period	(1,340)	(2,538)
Minority interests		
Balance at the end of previous period	179	–
Changes of items during the period		
Net changes of items other than shareholders' equity	(179)	–
Total changes of items during the period	(179)	–
Balance at the end of current period	–	–
Total net assets		
Balance at the end of previous period	65,484	58,275
Changes of items during the period		
Dividends from surplus	(770)	(770)
Net income (loss)	(5,937)	6,288
Purchase of treasury stock	(0)	(500)
Disposal of treasury stock	0	–
Retirement of treasury stock	–	–
Net changes of items other than shareholders' equity	(499)	(1,197)
Total changes of items during the period	(7,208)	3,819
Balance at the end of current period	58,275	62,095

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(3,960)	6,073
Depreciation and amortization	3,158	2,528
Impairment loss	79	–
Amortization of goodwill	(3)	(0)
Equity in (earnings) losses of affiliates	(634)	(358)
Loss (gain) on step acquisitions	–	(1,293)
Increase (decrease) in provision for retirement benefits	245	73
Increase (decrease) in provision for directors' retirement benefits	(70)	–
Increase (decrease) in provision for directors' bonuses	–	60
Increase (decrease) in allowance for doubtful accounts	69	30
Increase (decrease) in provision for loss on litigation	66	–
Interest and dividends income	(191)	(238)
Gain on maturity of insurance contract	(102)	(35)
Interest expenses	117	91
Foreign exchange losses (gains)	5	249
Expenses paid on withdrawal from employees' pension fund	5,835	–
Decrease (increase) in notes and accounts receivable-trade	(307)	(165)
Decrease (increase) in inventories	595	(242)
Increase (decrease) in notes and accounts payable-trade	(1,120)	(226)
Increase (decrease) in accounts payable-other	(107)	98
Other, net	214	133
Subtotal	3,889	6,777
Interest and dividends income received	190	241
Interest expenses paid	(117)	(88)
Expenses paid on withdrawal from employees' pension fund	(5,835)	–
Income taxes paid	(257)	(590)
Income taxes refund	161	21
Net cash provided by (used in) operating activities	(1,969)	6,362
Net cash provided by (used in) investing activities		
Payments into time deposits	(1,042)	(1,263)
Proceeds from withdrawal of time deposits	914	1,203
Purchase of property, plant and equipment	(1,660)	(632)
Proceeds from sales of property, plant and equipment	980	11
Purchase of intangible assets	(639)	(1,015)
Purchase of investment securities	(85)	(147)
Proceeds from sales of investment securities	1	24
Payments of loans receivable	(97)	(0)
Collection of loans receivable	104	16
Proceeds from maturity of insurance funds	201	69
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(124)
Payments for transfer of business	–	(1,711)
Other, net	(575)	562
Net cash provided by (used in) investing activities	(1,898)	(3,006)

(Millions of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(359)	(2,241)
Repayment of long-term loans payable	(19)	(17)
Purchase of treasury stock	–	(499)
Repayments of lease obligations	(101)	(93)
Cash dividends paid	(770)	(771)
Other, net	(0)	2
Net cash provided by (used in) financing activities	(1,250)	(3,622)
Effect of exchange rate change on cash and cash equivalents	(217)	(512)
Net increase (decrease) in cash and cash equivalents	(5,336)	(780)
Cash and cash equivalents at beginning of period	23,246	17,910
Cash and cash equivalents at end of period	17,910	17,130

(Segment Information)

a. Segment information by Business

- FY 2010 (Year ended Mar. 31, 2010) - (Millions of yen)

	Printing equipment-related business	Real estate business and others	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)					
(1) External customer sales	77,254	1,215	78,469	-	78,469
(2) Inter-segment sales	-	75	75	(75)	-
[Total]	77,254	1,291	78,545	(75)	78,469
Costs and expenses	76,556	318	76,875	(75)	76,800
Operating income	697	972	1,669	-	1,669
2. Assets, depreciation, Impairment loss and capex					
Assets	86,355	13,978	100,334	(11,899)	88,434
Depreciation	5,536	134	5,670	-	5,670
Impairment loss	79	-	79	-	79
Capital expenditure	4,985	7	4,992	-	4,992

Notes:1. The given business segments are based on the segmentation for internal management.

2. The main operations in each business segment are as follows:
   (1) Printing equipment-related business: Manufacturing and sales of printing equipment
   (2) Real estate business and others: Lease of real estate
3. All costs and expenses are allocated to the respective business segments without leaving unallocated ones.
4. All assets are allocated to the respective business segments without holding all-segment-covering ones.

b. Segment information by Geographic Area

- FY 2010 (Year ended Mar. 31, 2010) - (Millions of yen)

	Japan	The Americas	Europe	Asia	Total	Inter-segment elimination	Consolidated
1. Sales and operating income (loss)							
(1) External customer sales	49,501	7,937	13,866	7,164	78,469	-	78,469
(2) Inter-segment sales	16,836	0	319	6,360	23,517	(23,517)	-
[Total]	66,338	7,937	14,186	13,524	101,987	(23,517)	78,469
Costs and expenses	65,297	8,632	14,463	13,009	101,402	(24,602)	76,800
Operating income (losses)	1,040	(694)	(276)	515	584	1,084	1,669
2. Assets	86,490	6,773	9,722	7,151	110,138	(21,703)	88,434

Notes:1. The above geographic segments are classified by geographic proximity.

2. The main countries and areas included in each geographic segment are as follows:
   (1) The Americas – U.S. and Canada
   (2) Europe – Germany, United Kingdom and France
   (3) Asia – China and Thailand
3. All costs and expenses are allocated to the respective geographic segments without leaving unallocated ones.
4. All assets are allocated to the respective geographic segments without holding all-segment-covering ones.

c. Overseas Segment Sales by Area

- FY 2010 (Year ended Mar. 31, 2010)

	The Americas	Europe	Asia	Total
I Overseas sales (Millions of yen)	7,961	13,980	8,964	30,907
II Consolidated net sales (Millions of yen)	-	-	-	78,469
III Ratio of overseas sales in consolidated net sales (%)	10.2	17.8	11.4	39.4

Notes: 1. The above geographic segments are classified by geographic proximity.
2. The main countries and areas outside Japan included in each geographic segment are as follows:
(1) The Americas – U.S. and Canada
(2) Europe – Germany, United Kingdom and France
(3) Asia – China and Thailand
3. Overseas sales represent the sales realized outside Japan by the parent company and consolidated subsidiaries

d. 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 and China 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, 2010 (from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	45,762	7,946	13,980	8,959	76,648	1,821	78,469
Segment income (loss)	2,799	(1,645)	(710)	734	1,177	491	1,669

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	46,082	6,747	13,203	9,157	75,191	1,705	76,897
Segment income (loss)	4,147	(1,582)	0	1,259	3,825	581	4,406

Notes: 1. Real estate business and others includes real estate business, print creating business and insurance agency 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.

e. Pertinent information

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

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
47,758	6,772	13,203	9,162	76,897

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
27,316	562	129	433	28,442

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.

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

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

No items to report

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

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Printing equipment business	Real estate business and others	Total
Amortized amount in current period	-	(0)	(0)
Balance at the end of current period	2,633	-	2,633

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.

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

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

No items to report

(Additional information)

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

From fiscal year ended March 31, 2011, “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Statement No. 17, March 27, 2009” and “Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information” (ASBJ Guidance No. 20, March 21, 2008) are applied.

(Regarding business combinations, etc.)

Fiscal year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

No items to report

Fiscal year ended March 31, 2011 (from April 1, 2010 to March 31, 2011)

Business combination by acquisition

I. Acquisition of shares in ORTEK CORPORATION

(1) Outline of business combination

(a) Name of acquiree and business lines

Name of acquiree	ORTEK CORPORATION
Business Lines	Planning, development, manufacture and sales of inkjet technology products (Printers)

(b) Main reason for carrying out business combination and main basis of decision to acquire company

The Company and Olympus Corporation established ORTEK CORPORATION as a joint-venture between the two companies in September 2003 and the two companies have been conducting joint development of inkjet printers. However, to realize greater efficiency in business development, the two companies have agreed to terminate the joint-venture contract. It was decided that the Company will acquire part of business operations of Olympus Corporation and Okaya Olympus Co., Ltd. and acquire all the shares of ORTEK CORPORATION held by Olympus corporation (share ownership of 50%).

(c) Date of business combination

March 31, 2011

(d) Legal form of business combination

Share acquisition

(e) Company name after combination

There is no change in the company name following the combination.

(f) Ratio of voting rights acquired

50% (Ratio of voting rights after acquisition: 100%)

(2) Period of results of acquiree included in consolidated financial statements

As the Company carried out an additional acquisition of shares at the end of the fiscal year under review, the results of the acquiree for the fiscal year was included in equity in earnings of affiliates and the aquiree was included as a consolidated subsidiary in the consolidated financial statements.

(3) Acquisition cost of acquiree and breakdown

Value of acquisition	Cash and deposits	2,110 million yen
Cost directly attributable to acquisition	Advisory costs, etc.	19 million yen
Cost of acquisition		2,129 million yen

(4) Difference between acquisition cost of the acquiree and total amount of acquisition costs for each transaction in the acquisition

1,293 million yen

(5) Amount, cause, amortization method and amortization period for goodwill occurred

(a) Amount of goodwill occurred

1,656 million yen

(b) Cause of occurrence

Mainly expected excess earnings power due to greater operational efficiencies in planning, development, manufacture and sales of inkjet technology products (printers).

(c) Amortization method and amortization period

Equivalent amortization over 4-year period

(6) Amount and breakdown of assets received and liabilities assumed on date of business combination

Current assets	2,540 million yen
Noncurrent assets	1,592 million yen
Total assets	4,133 million yen
Current liabilities	892 million yen
Noncurrent liabilities	638 million yen
Total liabilities	1,531 million yen

(7) Amount allocated to intangible assets other than goodwill and amortization period by type

Breakdown of type	Amount	Amortization period
Intangible assets (Other), patent right	1,570 million yen	8 years

(8) Approximate amount of impact on consolidated statements of income for fiscal year under review in the case that business combination is assumed to have been completed on start date of fiscal year

This item is omitted as it is difficult to calculate an approximate amount.

II. Acquisition of business from Olympus Corporation and Okaya Olympus Co., Ltd.

(1) Outline of business combination

(a) Names of counterparties and business lines acquired

Name of counterparties	Olympus Corporation and Okaya Olympus Co., Ltd.
Business lines	Production of high-speed inkjet printers

(b) Main reason for carrying out business combination and main basis of decision to acquire business from companies

The Company and Olympus Corporation established ORTEK CORPORATION as a joint-venture between the two companies in September 2003 and the two companies have been conducting joint development of inkjet printers. However, to realize greater efficiency in business development, the two companies have agreed to terminate the joint-venture contract. It was decided that the Company will acquire part of business operations of Olympus Corporation and Okaya Olympus Co., Ltd. and acquire all the shares of ORTEK CORPORATION held by Olympus corporation (share ownership of 50%).

(c) Date of business combination

March 31, 2011

(d) Legal form of business combination

Acquisition of business from companies

(e) Company name after combination

There is no change in the company name following the combination.

(2) Period of results of acquired business included in consolidated financial statements

This item is omitted as the combination is handled with the acquisition date as the end of the fiscal year.

(3) Acquisition cost of acquired business and breakdown

Value of acquisition	Cash and deposits	1,708 million yen
Cost directly attributable to acquisition	Advisory costs, etc.	2 million yen
Cost of acquisition		1,711 million yen

(4) Amount, cause, amortization method and amortization period for goodwill occurred

(a) Amount of goodwill occurred

977 million yen

(b) Cause of occurrence

Mainly expected excess earnings power due to greater operational efficiencies in production of high-speed inkjet printers.

(c) Amortization method and amortization period

Equivalent amortization over 4-year period

(5) Amount and breakdown of assets received on date of business combination

Noncurrent assets	1,711 million yen
Total assets	1,711 million yen

(6) Amount allocated to intangible assets other than goodwill and amortization period by type

Breakdown of type	Amount	Amortization period
Intangible assets (Other), patent right	690 million yen	8 years

(7) Approximate amount of impact on consolidated statements of income for fiscal year under review in the case that business combination is assumed to have been completed on start date of fiscal year

This item is omitted as it is difficult to calculate an approximate amount.