

**Consolidated Financial Results**  
**for the Three Months of the Fiscal Year Ending March 31, 2017**  
**<under Japanese GAAP>**

Company name: **RISO KAGAKU CORPORATION**  
 Listing: First Section of the Tokyo Stock Exchange  
 Stock code: 6413  
 URL: <http://www.riso.co.jp/english/>  
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Scheduled date to file Quarterly Report: August 9, 2016  
 Scheduled date of dividend payment commencement: –  
 Preparation of supplementary information on quarterly business results: None  
 Holding of briefing on quarterly business results: None

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

**1. Consolidated performance for the three months of the fiscal year ending March 31, 2017**  
**(from April 1, 2016 to June 30, 2016)**

**(1) Consolidated operating results (cumulative)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2016	19,556	(4.6)	999	(43.3)	1,146	(40.2)	679	(50.4)
June 30, 2015	20,501	3.4	1,761	30.6	1,915	33.2	1,369	70.9

Note: Comprehensive Income

Three months ended June 30, 2016: (870) million yen / – %

Three months ended June 30, 2015: 2,113 million yen / 180.9%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
June 30, 2016	17.53	–
June 30, 2015	34.05	–

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Millions of yen	Millions of yen	%
June 30, 2016	86,080	62,175	72.2
March 31, 2016	91,669	65,879	71.9

Reference: Shareholders' Equity As of June 30, 2016: 62,175 million yen As of March 31, 2016: 65,879 million yen

## 2. Cash dividends

	Cash dividends per share				
	First quarter	Second quarter	Third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2016	–	0.00	–	60.00	60.00
Fiscal year ending March 31, 2017	–				
Fiscal year ending March 31, 2017 (Forecasts)		0.00	–	60.00	60.00

Note: Revisions to the forecasts of cash dividends in the current quarter: None

## 3. Forecasts for the fiscal year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2016	38,750	(5.0)	1,900	(30.6)	1,900	(29.6)	1,400	(24.3)	36.20
Fiscal year ending March 31, 2017	82,000	(4.0)	4,000	(38.9)	4,000	(38.2)	2,800	(46.8)	72.48

Note: Revisions to the forecasts in the current quarter: None

#### 4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Adoption of peculiar accounting methods for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement
- Changes due to revisions to accounting standards and other regulations: Yes
  - Changes due to other reasons: None
  - Changes in accounting estimates: None
  - Restatement: None

Note: For details, please see page 3, (Changes in accounting policies, changes in accounting estimates and restatement).

(4) Number of issued shares (common stock)

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

As of June 30, 2016	47,406,332 shares
As of March 31, 2016	47,406,332 shares

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

As of June 30, 2016	8,817,392 shares
As of March 31, 2016	8,518,192 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	38,769,265 shares
Three months ended June 30, 2015	40,211,455 shares

\* Indication regarding execution of quarterly review procedures

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

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

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

## Attached Materials

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## 1. Qualitative Information regarding Consolidated Results for the Three Months

### (1) Explanation on consolidated operating results

The RISO Group (RISO) has been following its medium-term management policy of “accomplishing the growth of RISO MIF by taking full advantage of RISO’s utmost unique products to ensure a stable revenue & profit growth”.

Concerning RISO’s consolidated operating results for the current three months, sales in the inkjet business rose in the printing equipment business. Overall net sales decreased due to the effects of exchange rates. Operating income fell below that of the previous year due to an increase in selling expenses associated with the introduction of new products the effects of exchange rates. Net sales was 19,556 million yen (down 4.6% year on year), operating income was 999 million yen (down 43.3% year on year) , ordinary income was 1,146 million yen (down 40.2% year on year) and profit attributable to the owners of parent was 679 million yen (down 50.4% year on year).

The average exchange rates during the current consolidated three months period were 108.14 yen (a 13.22 yen appreciation of the yen year on year) for the US dollar and 122.02 yen (a 12.14 yen appreciation of the yen year on year) for the euro.

Results by segment are as follows:

#### a. 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.

Net sales for the printing equipment business were 19,269 million yen (down 4.4% year on year). Operating income was 939 million yen (down 44.6% year on year).

##### Japan

In the inkjet business, hardware sales exceeded the previous year’s level and net sales increased with the introduction of new products. In the digital duplicating business, sales declined. Net sales were 11,332 million yen (up 1.0% year on year). Operating income was 698 million yen (down 52.3% year on year) due to an increase in selling expenses associated with the introduction of new products.

##### The Americas

Net sales declined both in the inkjet business and the digital duplicating business. Overall sales were 1,291 million yen (down 20.2% year on year), due to the effects of exchange rates. Operating losses were 93 million yen (compared to operating losses of 58 million yen in the same period of the previous fiscal year).

##### Europe

In the inkjet business, hardware sales fell below the previous year’s level and net sales decreased. In the digital duplicating business, sales rose in some emerging nations, and net sales increased. Overall sales were 3,299 million yen (down 16.9% year on year), due to the effects of exchange rates. Operating income was 86 million yen (down 60.8% year on year).

##### Asia

In the inkjet business, sales were strong, and net sales increased. In the digital duplicating business, sales rose in some emerging nations, and net sales increased. Overall sales were 3,345 million yen (down 0.3% year on year), due to the effects of exchange rates. Due to the contribution from higher sales in the inkjet business, operating income was 248 million yen (up 258.5% year on year).

b. Real estate business and others

RISO operates a real estate business as well as a print creating business. Net sales in the real estate and others were 286 million yen (down 15.2% year on year), and operating income was 59 million yen (down 8.0% year on year).

**(2) Explanation on consolidated financial position**

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

Total assets fell 5,588 million yen to 86,080 million yen, while net assets fell 3,704 million yen to 62,175 million yen. As a result, the equity ratio moved up 0.3 points to 72.2%.

The main changes in the assets portion include an increase of 1,296 million yen in cash and deposits, in contrast to decreases of 3,923 million yen in notes and accounts receivable-trade and 2,530 million yen in short-term investment securities. In the liabilities portion, there were decreases of 705 million yen in income taxes payable and 808 million yen in provision for bonuses.

**(3) Explanation on future estimates information pertaining to consolidated earnings forecasts**

There has been no revision to the consolidated forecasts for the fiscal year ending March 31, 2017, which were released on May 9, 2016.

**2. Matters Regarding Summary Information (Notes)**

**(1) Changes in accounting policies, changes in accounting estimates and restatement**

Changes in accounting policies

(Application of Practical Solution on a change in depreciation method due to Tax Reform 2016)

In conjunction with the revision of the Corporation Tax Act, the Company has applied the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (ASBJ Practical Issues Task Force (PITF) Solution No. 32, June 17, 2016), effective from the first quarter under review, and has changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining balance method to the straight-line method.

This change in accounting policy has minimal impact on the Company’s profit/loss for the first quarter under review.

**(2) Additional information**

(Application of Revised Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the “Revised Implementation Guidance on Recoverability of Deferred tax Assets” (ASBJ Guidance No. 26, March 28, 2016), effective from the first quarter under review.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	16,943	18,239
Notes and accounts receivable-trade	15,257	11,333
Short-term investment securities	3,430	900
Merchandise and finished goods	7,740	8,060
Work in process	730	747
Raw materials and supplies	2,728	2,390
Deferred tax assets	2,305	1,879
Other	2,102	2,345
Allowance for doubtful accounts	(300)	(261)
Total current assets	50,938	45,636
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	20,928	20,823
Accumulated depreciation	(12,226)	(12,357)
Buildings and structures, net	8,701	8,466
Machinery, equipment and vehicles	6,216	6,157
Accumulated depreciation	(4,772)	(4,764)
Machinery, equipment and vehicles, net	1,444	1,392
Tools, furniture and fixtures	16,910	17,370
Accumulated depreciation	(15,103)	(15,156)
Tools, furniture and fixtures, net	1,806	2,213
Land	15,921	15,903
Lease assets	413	385
Accumulated depreciation	(192)	(175)
Lease assets, net	221	210
Construction in progress	378	269
Other	10,121	10,224
Accumulated depreciation	(6,252)	(6,161)
Other, net	3,869	4,063
Total property, plant and equipment	32,343	32,520
Intangible assets		
Goodwill	83	72
Software	1,582	1,479
Other	1,006	892
Total intangible assets	2,671	2,444
Investments and other assets		
Investment securities	1,604	1,443
Long-term loans receivable	54	40
Deferred tax assets	969	983
Other	3,137	3,056
Allowance for doubtful accounts	(51)	(43)
Total investments and other assets	5,715	5,479
Total noncurrent assets	40,730	40,444
Total assets	91,669	86,080

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	10,538	10,549
Short-term loans payable	1,620	1,479
Current portion of long-term loans payable	1	1
Income taxes payable	907	201
Provision for bonuses	1,676	867
Provision for directors' bonuses	75	14
Provision for product warranties	33	33
Other	7,345	7,510
Total current liabilities	22,198	20,656
Noncurrent liabilities		
Long-term loans payable	18	18
Net defined benefit liability	3,130	2,818
Other	442	411
Total noncurrent liabilities	3,591	3,248
Total liabilities	25,789	23,905
<b>Net assets</b>		
Shareholders' equity		
Capital stock	14,114	14,114
Capital surplus	14,779	14,779
Retained earnings	50,287	48,633
Treasury stock	(11,675)	(12,175)
Total shareholders' equity	67,506	65,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	137	(10)
Foreign currency translation adjustment	(246)	(1,700)
Remeasurements of defined benefit plans	(1,518)	(1,466)
Total accumulated other comprehensive income	(1,627)	(3,178)
Total net assets	65,879	62,175
Total liabilities and net assets	91,669	86,080

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

	(Millions of yen)	
	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Net sales	20,501	19,556
Cost of sales	8,225	7,705
Gross profit	12,276	11,850
Selling, general and administrative expenses	10,515	10,851
Operating income	1,761	999
Non-operating income		
Interest income	40	31
Dividends income	24	25
Foreign exchange gains	64	47
Other	62	69
Total non-operating income	191	173
Non-operating expenses		
Interest expenses	16	15
Loss on retirement of noncurrent assets	9	9
Other	11	2
Total non-operating expenses	37	26
Ordinary income	1,915	1,146
Extraordinary income		
Settlement received	242	-
Total extraordinary income	242	-
Profit (loss) before income taxes	2,158	1,146
Income taxes	788	466
Profit	1,369	679
Profit attributable to owners of parent	1,369	679

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

	(Millions of yen)	
	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)	Three months ended June 30, 2016 (From April 1, 2016 to June 30, 2016)
Profit	1,369	679
Other comprehensive income		
Valuation difference on available-for-sale securities	347	(147)
Foreign currency translation adjustment	399	(1,454)
Remeasurements of defined benefit plans	(2)	51
Total other comprehensive income	744	(1,550)
Comprehensive income	2,113	(870)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,113	(870)
Comprehensive income attributable to non-controlling interests	-	-

### (3) Notes on quarterly consolidated financial statements

#### (Notes on premise of going concern)

No items to report

#### (Notes on significant changes in the amount of shareholders' equity)

The Company purchased treasury stock during the current first quarter. As a result, treasury stock increased 499 million yen during the first quarter and amounted to 12,175 million yen at the end of the current first quarter.

#### (Segment information)

##### 1. Three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	11,220	1,617	3,969	3,355	20,163	338	20,501
Segment income (loss)	1,465	(58)	220	69	1,696	64	1,761

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

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The Americas .....U.S. and Canada
- (2) Europe .....Germany, United Kingdom and France
- (3) Asia.....China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

##### 2. Three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

Information on sales and income or loss for each reportable segment

(Millions of yen)

	Printing equipment business					Real estate business and others	Total
	Japan	The Americas	Europe	Asia	Total		
Sales	11,332	1,291	3,299	3,345	19,269	286	19,556
Segment income (loss)	698	(93)	86	248	939	59	999

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

2. The main countries and areas included in each segment for the printing equipment business are as follows:

- (1) The Americas .....U.S. and Canada
- (2) Europe .....Germany, United Kingdom and France
- (3) Asia.....China, Thailand, South Korea and India

3. The total amount of segment income (loss) is same as the operating income amount on the consolidated quarterly statement of income.

**(Subsequent event)**

(Purchase of Treasury Stock)

Riso Kagaku Corporation (the “Company”) announced that its Board of Directors resolved at the meeting held on July 29, 2016 to purchase treasury stock as described below, pursuant to the provisions of Article 156 of the Corporate Law as applied by replacing the relevant terms pursuant to the provisions of Article 165, Paragraph 3 of the same Law.

- |  |   |
|--|---|
| (1) Reason for purchase of treasury stock: | The Company will conduct the purchase of treasury stock to carry out capital management that allows the Company to respond quickly to changes in the business environment and to distribute earnings to shareholders. |
| (2) Type of shares to be purchased:        | Common stock of the Company   |
| (3) Number of shares to be purchased:      | Up to 800,000 shares  |
| (4) Total purchase cost:                   | Up to 1,000,000,000 yen   |
| (5) Purchase period:                       | From August 19, 2016 to September 23, 2016  |
| (6) Purchase method:                       | Purchased on the Tokyo Stock Exchange   |