

Partial Revision of New Medium-Term Management Vision

Noritsu Koki Co. Ltd. (headquartered in Umehara, Wakayama-city) last year formulated and announced its New Medium-Term Management Vision <<Play to Win>>. However, the company today announced a partial revision of its plans disclosed last year because the business environment changed drastically and the new business year has begun.

Reason for this revision

Last autumn, we formulated our New Medium-Term Management Vision <<Play to Win>> (Ver. 2), and the entire company made concerted efforts to accomplish the various measures described in this plan. However, corporate earnings deteriorated in light of the global economic downturn triggered by the subprime loan issue, and the willingness to make capital investments in our relative markets remained weaker than anticipated. Thus, we factored in the consolidated financial projection for the year ending March 31, 2009, which was announced today, and revised our plan to the New Medium-Term Management Vision <<Play to Win>> (Ver. 3).

Our management goals have been revised as described below.

As for our Mid- and Long-Term Management Plan Vision 2010: New Growth Strategy,

We aim to realize the transformation into a solution provider in the imaging business and achieve the following benchmarks as management goals in the year ending March 2014.

- Ordinary profits margin 10%→6%
- Assets turnover ratio 0.8→0.72
- ROA (Return on Assets) 8%→4.3%

disclosed on May 27, 2008, we would like to retract the disclosed details, such as the numeric data, since the business environment and the market environment have changed drastically. Please refer to our New Medium-Term Management Vision <<Play to Win>> (Ver. 3), which was announced today, for our management benchmarks from hereafter.

New Medium-Term Management Vision

《Play to Win》 (Ver.3)

May 15, 2009

Noritsu Koki Group

Direction of Management and Medium-Term Target

Mission

Imaging Solution

Vision

Always the No.1 choice of
customers, a company that
leads the global market
Noritsu Koki Group

Management Direction

Noritsu Koki Group is to transform into a solution provider in the Imaging Business field

Business : ▪ Imaging Business
Domain ▪ Imaging Peripherals Business
 ▪ New Business Areas

Noritsu Koki Group aims to become a leader in the global market by offering products that match the needs of our customers, both domestic and international, and value-added services as a solution provider in the Imaging Business field with each one of our employees and management contributing to their full potential.

Objectives

Noritsu Koki Group with our management and employees working together, aims to become a company that

- continues to offer products and services that are even more appreciated by our customers
- continues to develop a working environment that offers even greater job satisfaction
- continues to be valued by society through increased contributions to society
- continues to create greater corporate value for shareholders

Medium-Term Management Goal

Achieve 4.3%
Return on Asset
(Ordinary Profits Rate
as a percentage of Assets)
by 2013

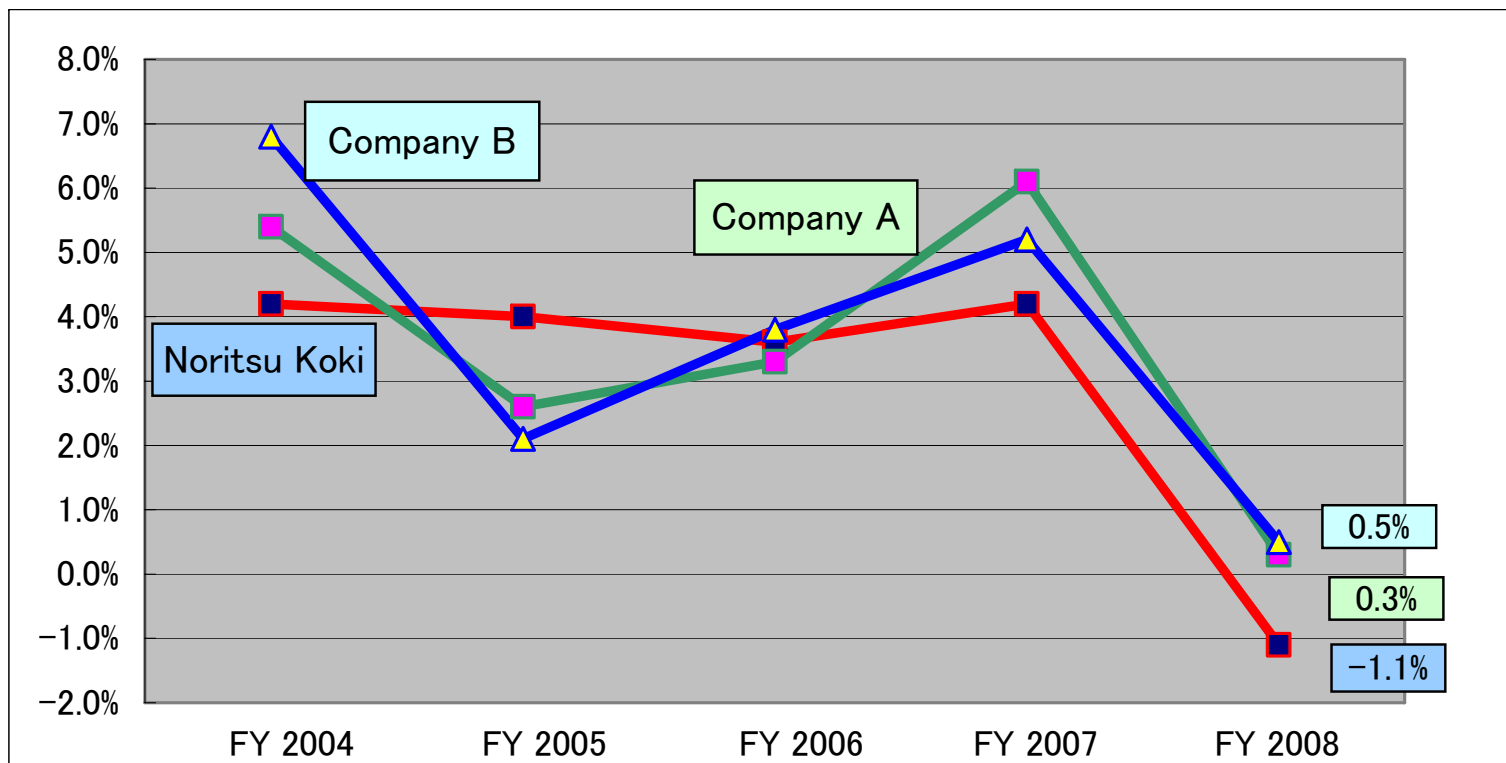
Medium-Term Management Goal

- Implement measures during the survival stage that will facilitate a future leap forward, and harvest the fruit from this leap forward in the revival stage

			Survival Stage	Revival Stage
	2007	2008	2009	2013
Ordinary Profit Margin	7.8%	-2.6%	-16.5%	6.0%
Total Assets Turnover Ratio	0.54	0.43	0.35	0.72
ROA	4.2%	-1.1%	-5.7%	4.3%

Analysis of Current Situation

Comparison of our ROA (Ordinary Profits Rate as a Percentage of Assets) with Other Companies in the Imaging Business Industry



ROA	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Noritsu Koki	4.2%	4.0%	3.6%	4.2%	-1.1%
Company A	5.4%	2.6%	3.3%	6.1%	0.3%
Company B	6.8%	2.1%	3.8%	5.2%	0.5%

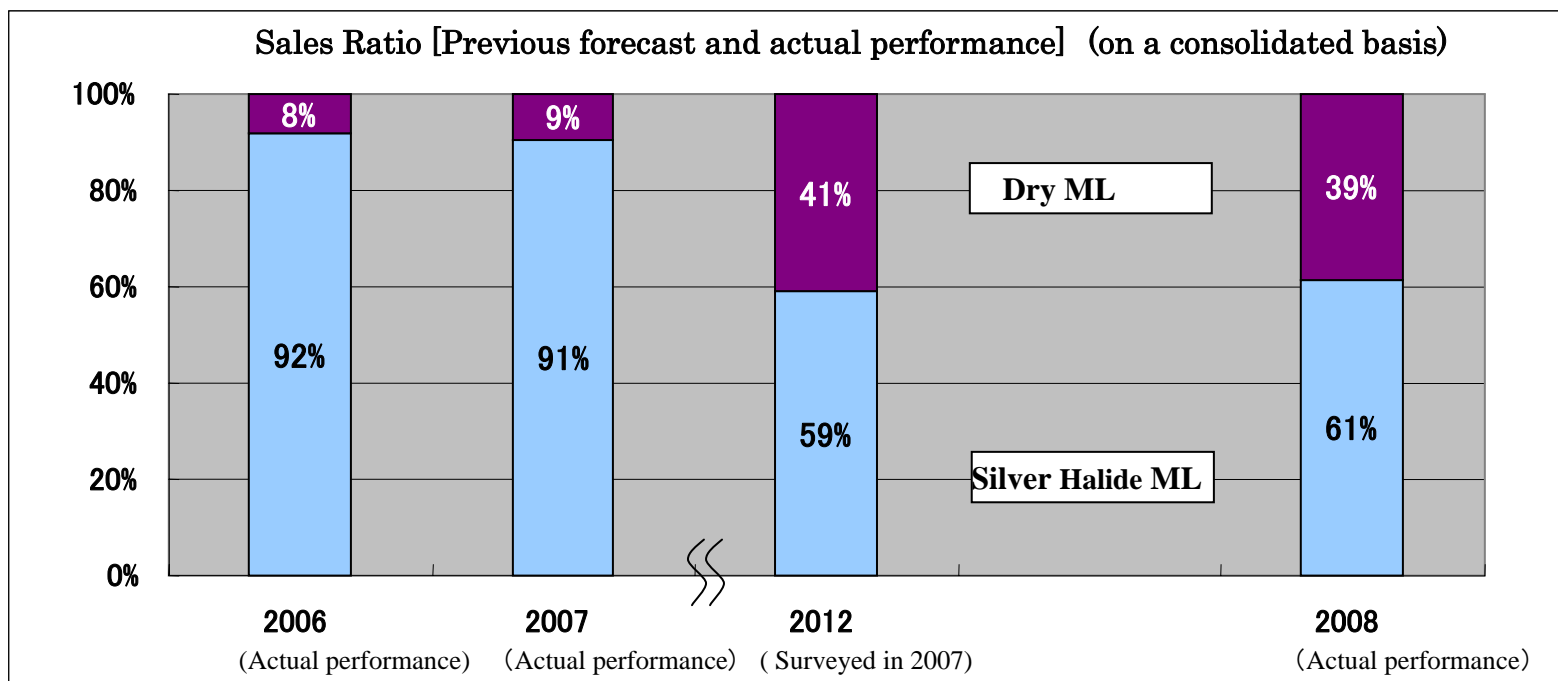
Summary of Comparison of FY 2008 ROA (Ordinary Profits Rate as a Percentage of Assets) among the Top Three Players in the Industry

FY 2008 (Actual)	ROA (%)	=	Ordinary Profits Margin (%)	×	Total Assets Turnover Ratio
1. Company A	0.3%	=	0.4%	×	0.79
2. Company B	0.5%	=	0.5%	×	1.09
3. Noritsu Koki	-1.1%	=	-2.6%	×	0.43

- We have the lowest ordinary profits margin and the lowest total assets turnover ratio among the three companies.
- As a result, our ROA is the lowest of the three companies.

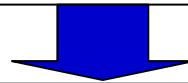
Silver Halide / Dry Minilab Sales Forecast Derived from Market Trend Analysis

- Dry minilabs accounted for 8% of our total minilab sales in 2006, and 9% in 2007.
- In a previous survey conducted in 2007, the sales ratio forecast for dry minilabs was expected to increase slowly from 9% in 2007 to 41% in 2012.
- However, the shift to dry printing suddenly started accelerating more rapidly last year, especially among U.S. national accounts and and retailers. As a result, dry minilabs already accounted for 39% of our minilab sales in 2008.
- The market is shifting to dry at a faster pace than expected.



Business Challenges Arising from Higher Dry Minilab Sales Ratio

- (1) Shrinking silver halide printing equipment market
 - Decline in silver halide equipment investment by major North American customers
 - Fall in investment by customers using silver halide printing equipment in other regions and segments as they stay on the sidelines
 - Softening of market price
- (2) Heightened competition for dry printing equipment
 - Lower unit price for dry printing equipment



- (1) The pressing issue is the early implementation of effective measures to shift from silver halide to the dry printing business
 - Quickly establish an organization and method fit for dry equipment sales
 - Create a mechanism to expand consumable business
- (2) Adoption of measures to transform the company into a solution provider in the Imaging Business is the challenge that needs to be urgently resolved
 - Act swiftly to expand our product lineup, service network for one-stop shopping

Trend Forecast for FY2009 and Our Measures

- (1) With the increase in unit sales ratio of dry minilabs, the downward trend in sales is expected to continue in FY 2009 and thereafter, due to the lower unit price for dry minilabs.
- (2) The ordinary profits margin trend in FY2009 is also expected to be lower, in spite of all our efforts to implement measures to combat this trend.
- (3) The ROA trend for FY 2009 is expected to be lower, in spite of our efforts to utilize assets effectively.
- (4) Promoting the sales of dry minilabs and consumable goods will lead to a gradual recovery in our sales.

Utilizing Our Strengths to Tackle Business Challenges

«Our Strengths»

- (1) Brand power in domestic and overseas markets
- (2) Network in global market
- (3) Strong technological capability in manufacturing, R&D
- (4) Extensive management resources accumulated over the years

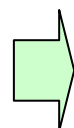
Medium-Term Management Measures

Medium-Term Management Measures

- 1) Transformation into a solution provider in the Imaging Business Field
- 2) Quick development, advancement and expansion of new businesses outside of the Imaging Business Field

Survival Stage Strategy (2009 - 2010)

- 1) Remodel cost structure
- 2) Rebuild marketing strategy
- 3) Expand new business
- 4) Stimulate corporate culture



Revival Stage Strategy (2011 - 2013)

- 1) Expand Imaging Business vertically and horizontally
- 2) Realize synergy with new business
- 3) Accelerate effective use / reduction of assets



Management

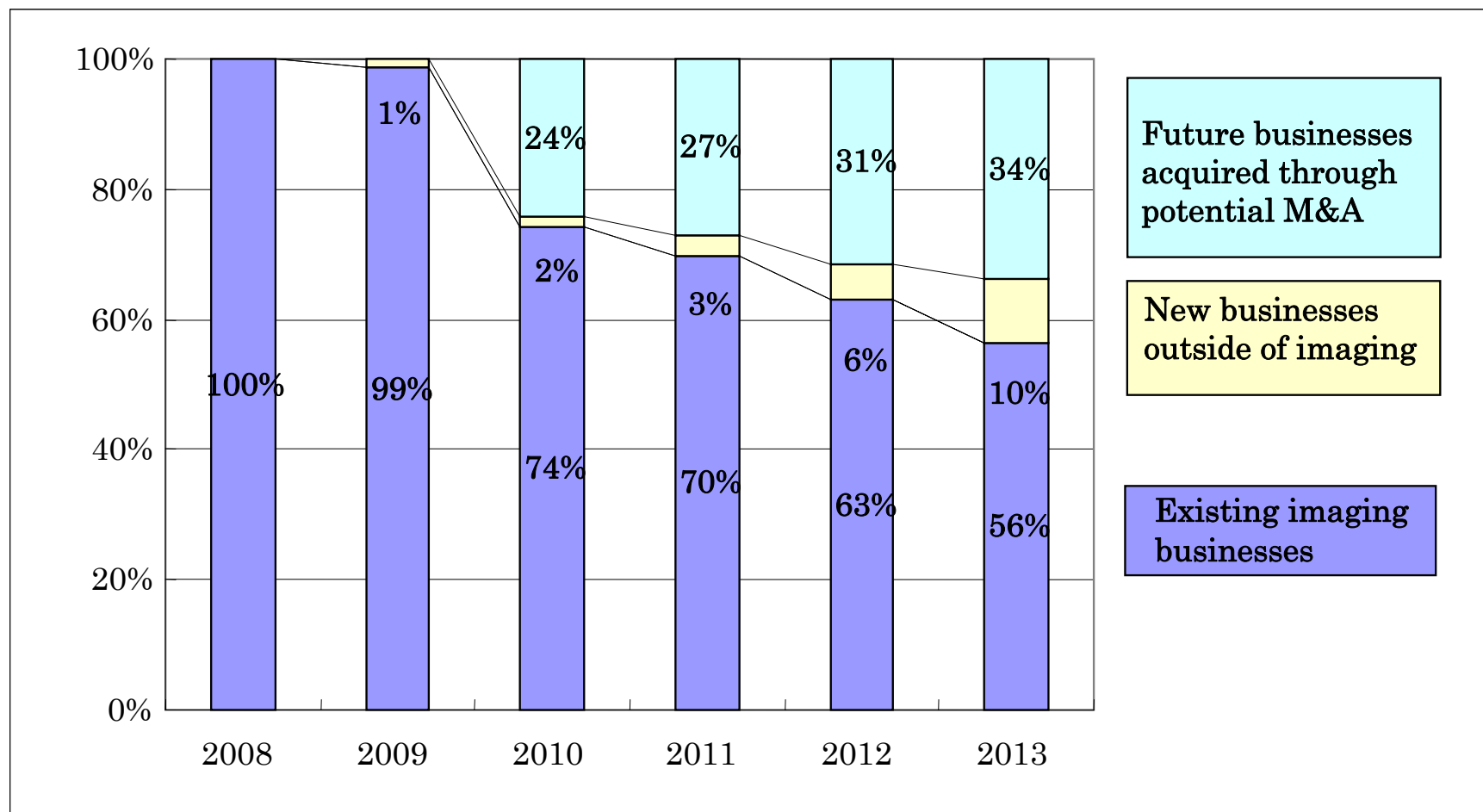
Financial Goals (2013)

- 1) Improve ordinary profits margin
 - Ordinary profits margin 6%
- 2) Improve total return on assets
 - increase sales
 - improve asset efficiency
 - reduce inventory
 - Turnover ratio 0.72
- 3) Improve ROA
 - ROA 4.3%

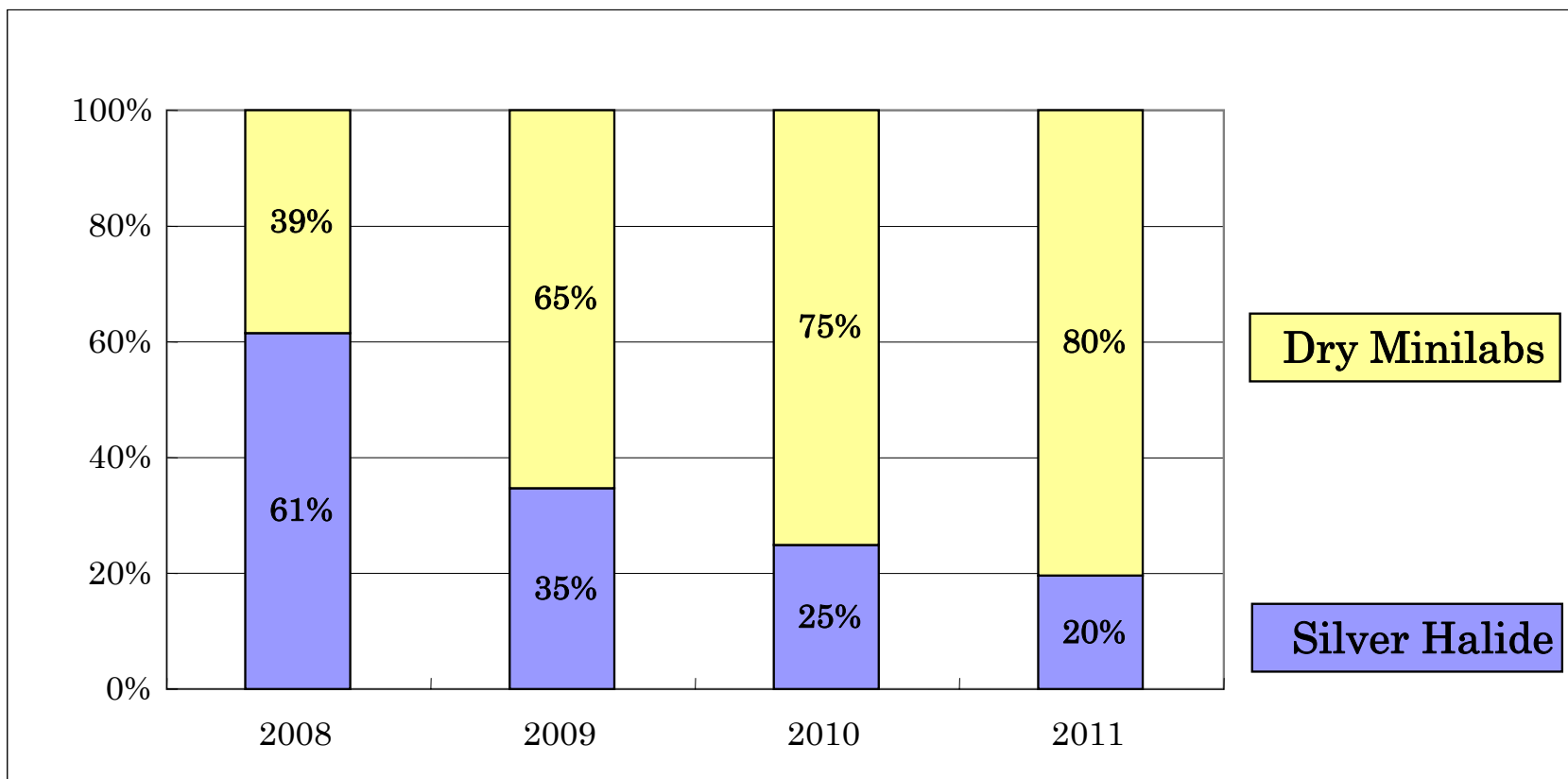
Our Strengths

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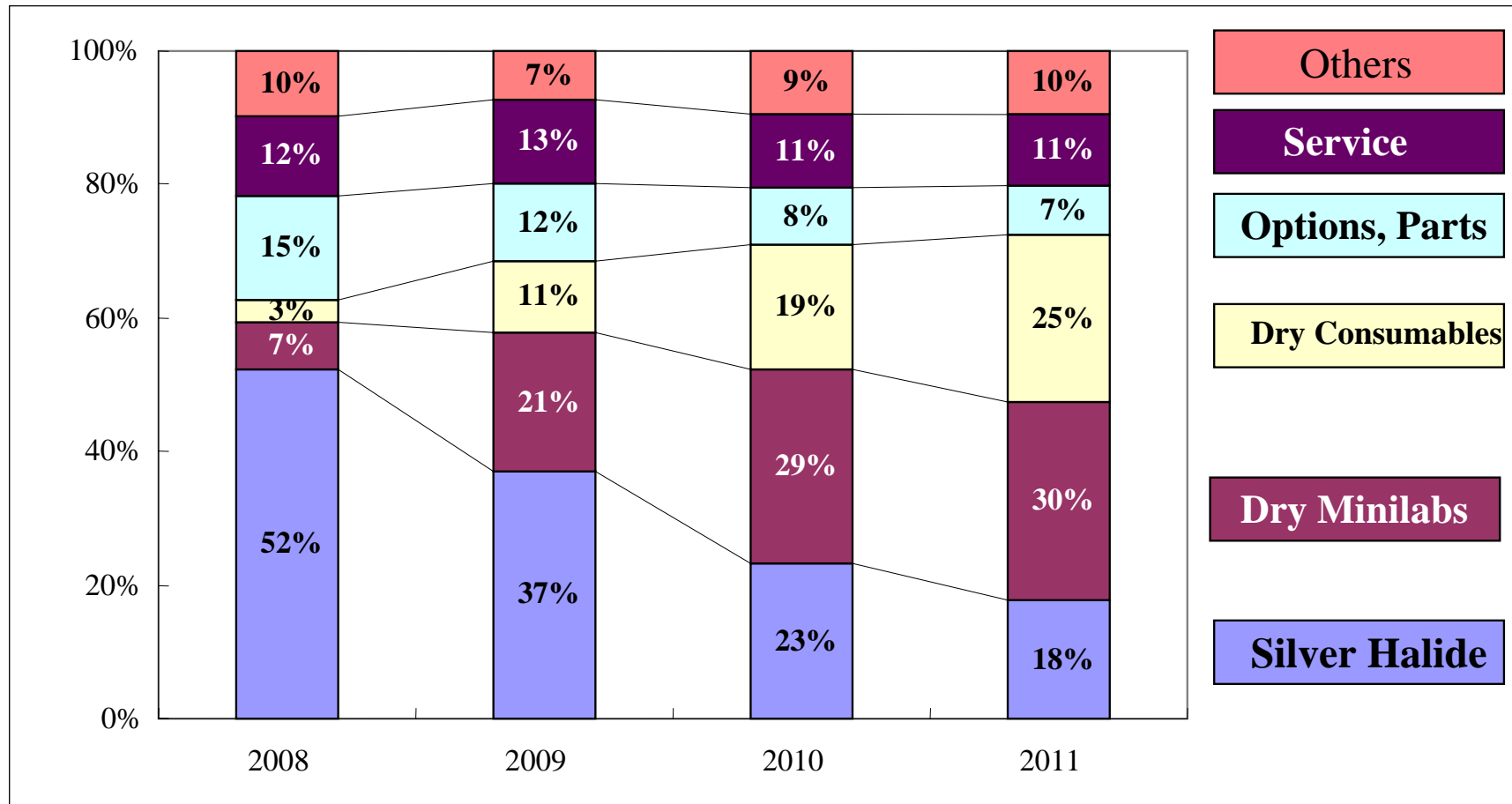
Sales Ratio Trend for the Different Types of Businesses



Sales Volume Ratio Trend in Imaging Business



Imaging Business Sales (monetary amount) Ratio



Survival Stage Strategy

- 1) Remodel cost structure
 - A) reduce production cost
 - B) reduce sales and administration expenses

- 2) Rebuild marketing strategy
 - A) strengthen alliance strategy
 - B) enhance, expand product and service lineup
 - C) reinforce sales channels
 - D) reinforce alliance strategy

- 3) Expand new business
 - A) enhance Imaging Business
 - B) expand Imaging Peripherals Business
 - C) set up new business in new business areas

- 4) Stimulate corporate culture
 - A) stimulate communication
 - B) restructure personnel system
 - C) make effective use of internal business proposals

Survival Stage Strategy

1) Remodel Cost Structure

A) Reduce production cost

- (1) Introduce JIT manufacturing system
 - Pursue cost reduction, productivity improvement, reduced total lead time through the implementation of JIT manufacturing system
- (2) Rebuild SCM
 - Reduce losses from disposals and inventories in conjunction with JIT improvement efforts
 - Reduce logistics cost of products and service parts by rebuilding the logistics of group companies
 - Improve customer satisfaction and at the same time lower service costs by restructuring the supply system for service parts
- (3) Promote PLM innovation efforts
 - Reduce unnecessary costs by streamlining the skilled manufacturing process so as to eliminate waste

Survival Stage Strategy

- (4) Reduce expenses for parts
 - Standardize parts and promote value procurement
- (5) Promote field innovation (quality improvement) activities
 - Eliminate losses from design cost
 - Build a scheme to minimize quality costs
 - Promote quality improvement efforts, hold opportunities to report quality improvement

- B) Reduce sales and administrative expenses
 - (1) Review sales and administrative expenses at the head office, promote cost reduction efforts
 - (2) Review sales and administrative expenses at group companies, promote cost reduction efforts

Survival Stage Strategy

2) Rebuild Marketing Strategy

- A) Strategically promote imaging market development = refocus [+]
 - (1) Convey the essential value of photographs to consumers
 - (2) Promote shop revitalization by providing services that meet and exceed the expectations of consumers, and thereby facilitate an increase in retail print demand
 - (3) Facilitate an increase in retail print demand through development of new types of businesses
- B) Enhance and expand the product and service lineup
 - (1) Apply optimal sales strategy for silver halide and dry products according to region, customer segment
 - (2) Establish and expand a consumable business model by promoting sales of dry printing equipment
 - (3) Promote product planning, development that reflects the customers' voice
 - (4) Make it our mission to develop a major hit product in two years
Strengthen our R&D with the Imaging Solution Research Center
(Established December 1, 2008)

Survival Stage Strategy

- (5) Propose comprehensive solutions to major clients
- (6) Make investments in market development in a timely and effective manner
- (7) Improve profitability of service business
- (8) Establish and promote our new brand for dry minilabs
- C) Reinforce sales channels
 - (1) Strengthen sales channels in respective regions, countries
 - (2) Thoroughly carry out and enhance pipeline management at each sales office
- D) Strengthen our alliance strategy
 - (1) Maintain and strengthen strategic partnerships with Fujifilm Corp. and Seiko Epson Corp.
 - (2) Aggressively pursue corporate partnerships

Survival Stage Strategy

3) Expand New Businesses

- A) Enhance the Imaging Business
 - (1) Promote acquisitions or partnerships with businesses that will produce strong synergies with our business
 - (2) Make the most of our relationship with Lucidiom Inc.

- B) Expand Imaging Peripheral Business
 - (1) Enter the commercial industrial printing equipment market

- C) Set up new businesses in new business fields
 - (1) Aggressively utilize NKR
 - (2) Enter industrial/medical equipment markets with plasma technology

Survival Stage Strategy

4) Stimulate Corporate Culture

A) Stimulate communication

- (1) Enhance our ability to make speedy decisions by flattening the corporate structure
- (2) Improve our overall ability and unified awareness through information sharing

B) Restructure the human resources system

- (1) Study the introduction of an earnings-linked bonus system
- (2) Review the human resources system, evaluation system
 - Promote, improve and advance the introduction of a professional system
 - Implement 360-degree assessment

C) Utilize internal business proposals

- (1) Conduct in-house recruitment of business ideas
 - Implement the DPE (Dream Project Express) project and bring the business proposals into the market

Revival Stage Strategy

- 1) Expand Imaging Business vertically and horizontally
 - A) Complement our weak spots, enhance competitive advantage
 - B) Promote M&A and corporate partnerships to realize solution proposals that create added value

- 2) Realize synergy with new business
 - A) Make new investments through NKR and realize synergy
 - B) Select the business domains most suited for concentrated investment based on our corporate strengths
 - C) Maximize efficiency of coordination between group companies

- 3) Accelerate effective use and reduction of assets
 - A) Earn revenue, profit from new investment
 - B) Reduce inventory and use idle assets effectively

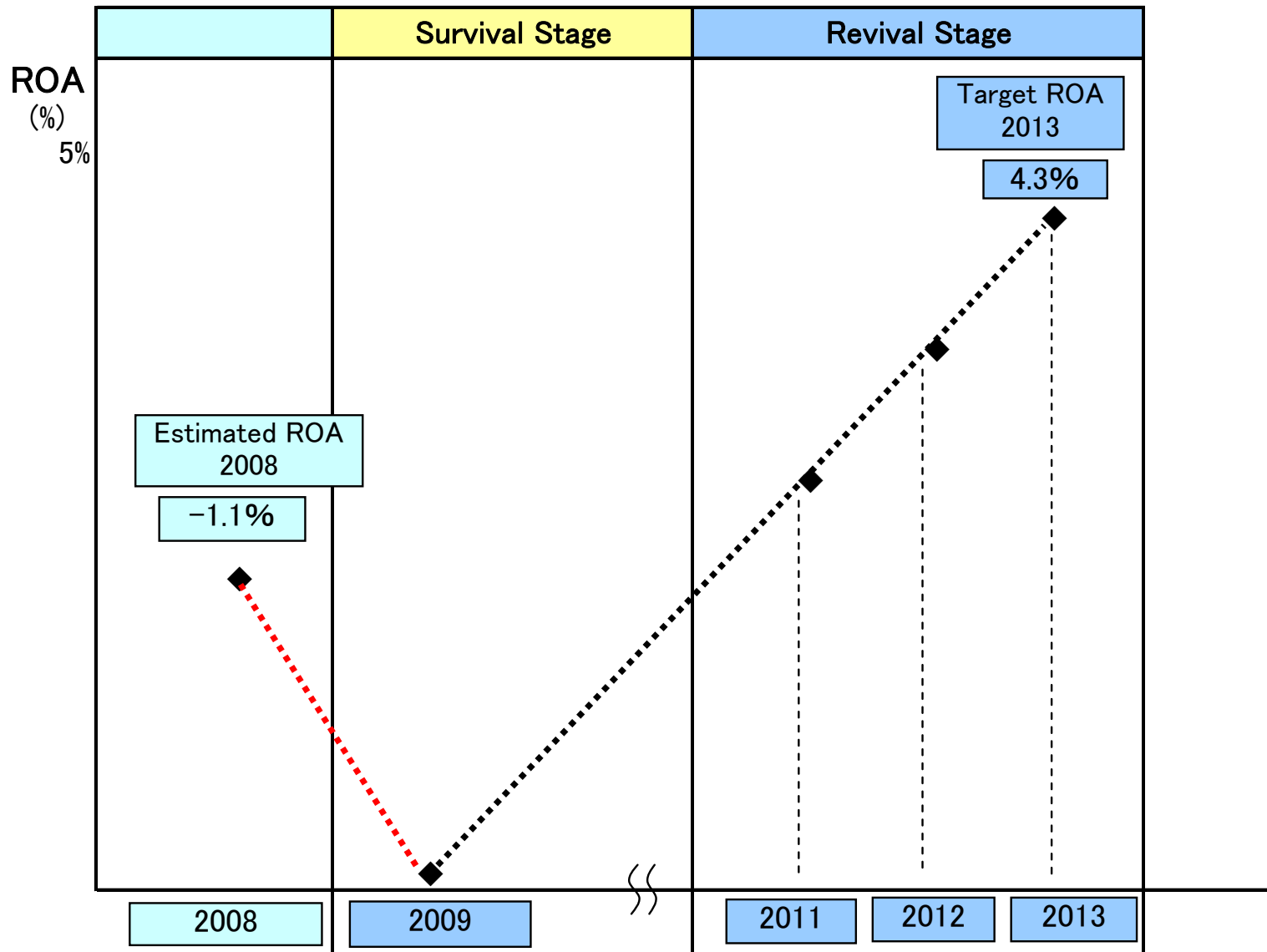
Medium-Term Management Financial Goals

- (1) Improve ordinary profits margin
 - Sell high value-added products and improve profit margin
 - Make efforts to cut costs.

- (2) Improve total return on asset
 - Aim to make effective use of assets and improve revenue
 - Cut inventories and reduce assets

- (3) Improve ROA

2009 - 2013 ROA Trend



Summary of New Medium-Term Management Vision

《Play to Win》

- 1) Survival Stage (2009 – 2010)
 - (1) Remodel cost structure
 - (2) Rebuild marketing strategy
 - (3) Expand new business
 - (4) Stimulate corporate culture

- 2) Revival Stage (2011 – 2013)
 - Harvest the fruit (profit)

Summary of New Medium-Term Management Vision

《Play to Win》

- Tackle the business challenges from the survival stage to the revival stage, while making the transformation into a solution provider in the Imaging Business field, and achieve the following management financial goals.
 - Ordinary profits margin 6%
 - Assets turnover ratio 0.72
 - ROA 4.3%