

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets

June 30, 2012 and March 31, 2012

[Millions of yen]

March 31, 2012

June 30, 2012

Consolidated balance sheets

Assets

Current assets

Cash and deposits	90,640	91,548
Notes and accounts receivable-trade	174,193	164,880
Lease receivables and investment assets	13,775	12,197
Short-term investment securities	141,293	123,798
Inventories	105,080	109,490
Deferred tax assets	20,100	21,307
Accounts receivable-other	13,467	11,755
Other	11,759	15,038
Allowance for doubtful accounts	(4,385)	(3,854)
Total current assets	565,923	546,161

Noncurrent assets

Property, plant and equipment

Buildings and structures, net	66,874	66,093
Machinery, equipment and vehicles, net	39,773	37,294
Tools, furniture and fixtures, net	22,407	22,496
Land	33,609	33,406
Lease assets, net	415	672
Construction in progress	7,817	6,022
Assets for rent, net	8,101	7,960
Total property, plant and equipment	178,999	173,947

Intangible assets

Goodwill	59,727	61,059
Other	27,613	27,556
Total intangible assets	87,341	88,616

Investments and other assets

Investment securities	19,073	16,493
Long-term loans receivable	133	130
Long-term prepaid expenses	2,650	2,461
Deferred tax assets	38,281	38,757
Other	10,355	11,063
Allowance for doubtful accounts	(706)	(1,082)
Total investments and other assets	69,788	67,824

Total noncurrent assets

Total noncurrent assets	336,128	330,388
--------------------------------	----------------	----------------

Total assets

Total assets	902,052	876,550
---------------------	----------------	----------------

[Millions of yen]

March 31, 2012

June 30, 2012

Liabilities		
Current liabilities		
Notes and accounts payable-trade	88,129	85,827
Short-term loans payable	32,913	45,561
Current portion of long-term loans payable	11,994	993
Accounts payable-other	30,295	26,975
Accrued expenses	25,305	22,622
Income taxes payable	6,908	7,884
Provision for bonuses	10,826	5,484
Provision for directors' bonuses	203	73
Provision for product warranties	1,050	973
Provision for loss on business liquidation		
Notes payable-facilities	1,062	1,071
Asset retirement obligations	146	143
Other	20,124	19,864
Total current liabilities	228,958	217,474
Noncurrent liabilities		
Bonds payable	110,000	110,000
Long-term loans payable	73,025	73,027
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	44,545	45,016
Provision for directors' retirement benefits	341	216
Asset retirement obligations	931	931
Other	5,992	5,615
Total noncurrent liabilities	238,105	238,076
Total liabilities	467,064	455,551
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,142	204,142
Retained earnings	222,848	219,026
Treasury stock	(1,597)	(1,598)
Total shareholders' equity	462,913	459,089
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,183	(709)
Deferred gains or losses on hedges	(228)	209
Foreign currency translation adjustment	(30,199)	(38,975)
Total accumulated other comprehensive income	(29,243)	(39,475)
Subscription rights to shares	682	707
Minority interests	635	678
Total net assets	434,987	420,999
Total liabilities and net assets	902,052	876,550

**(2) Consolidated Quartely Statements of Income and Consolidated Quarterly Statements of
Consolidated Quartely Statements of Income
Three months ended June 30, 2011 and 2012**

[Millions of yen]

	April-June 2011	April-June 2012
Net sales	186,205	189,373
Cost of sales	102,595	103,104
Gross profit	83,610	86,268
Selling, general and administrative expenses	80,339	79,928
Operating income	3,271	6,339
Non-operating income		
Interest income	271	243
Dividends income	266	223
Equity in earnings of affiliates	—	19
Other	912	840
Total non-operating income	1,450	1,327
Non-operating expenses		
Interest expenses	646	566
Equity in losses of affiliates	12	—
Foreign exchange losses	660	999
Other	846	1,314
Total non-operating expenses	2,165	2,880
Ordinary income	2,556	4,786
Extraordinary income		
Gain on sales of noncurrent assets	37	48
Gain on sales of investment securities	1	—
Reversal of provision for loss on business liquidation		
Other extraordinary income of foreign subsidiaries		
Total extraordinary income	39	49
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	237	759
Loss on valuation of investment securities	1,817	65
Impairment loss	53	28
Business structure improvement expenses		
Loss on adjustment for changes of accounting standard for asset retirement obligations		
Loss on disaster	96	—
Total extraordinary losses	2,205	853
Income before income taxes and minority interests	390	3,983
Income taxes	495	3,835
Income (loss) before minority interests	(105)	147
Minority interests in income	5	(7)
Net income (loss)	(110)	154

**Consolidated Quartely Statements of Comprehensive Income
Three months ended June 30, 2011 and 2012**

[Millions of yen]

	April-June 2011	April-June 2012
Income (loss) before minority interests	(105)	147
Other comprehensive income		
Valuation difference on available-for-sale securities	173	(1,896)
Deferred gains or losses on hedges	66	437
Foreign currency translation adjustment	(2,034)	(8,725)
Share of other comprehensive income of associates accounted for using equity method	0	3
Total other comprehensive income	(1,793)	(10,181)
Comprehensive income	(1,899)	(10,033)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(1,924)	(10,076)
Comprehensive income attributable to minority interests	25	42

(3) Consolidated Quarterly Statements of Cash Flow
Three months ended June 30, 2011 and 2012

[Millions of yen]

	April-June 2011	April-June 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	390	3,983
Depreciation and amortization	11,686	10,715
Impairment loss	53	28
Amortization of goodwill	2,230	2,301
Interest and dividends income	(538)	(466)
Interest expenses	646	566
Loss (gain) on sales and retirement of noncurrent assets	199	710
Loss (gain) on sales and valuation of investment securities	1,816	64
Increase (decrease) in provision for bonuses	(5,410)	(5,260)
Increase (decrease) in provision for retirement benefits	1,337	889
Increase (decrease) in provision for loss on business liquidation	(10)	—
Decrease (increase) in notes and accounts receivable-trade	8,821	1,198
Decrease (increase) in inventories	(997)	(8,747)
Increase (decrease) in notes and accounts payable-trade	(2,319)	4,369
Transfer of assets for rent	(929)	(1,493)
Decrease (increase) in prepaid expenses-OpeCF	(1,976)	(2,065)
Decrease (increase) in accounts receivable-other	(1,112)	1,215
Increase (decrease) in accounts payable-other and accrued expenses	82	(3,369)
Increase (decrease) in deposits received	2,693	2,829
Decrease/increase in consumption taxes receivable/payable	1,724	130
Other, net-OpeCF	(2,813)	(4,022)
Subtotal	15,575	3,576
Interest and dividends income received	454	491
Interest expenses paid	(656)	(749)
Income taxes (paid) refund	(3,383)	(4,181)
Net cash provided by (used in) operating activities	11,990	(862)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,364)	(7,298)
Proceeds from sales of property, plant and equipment	157	165
Purchase of intangible assets	(870)	(1,656)
Payments for transfer of business	(481)	(112)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,622)	(5,413)
Payments of loans receivable	(44)	(153)
Collection of loans receivable	35	11
Purchase of investment securities	(2)	(302)
Proceeds from sales of investment securities	1	6
Purchase of investments in subsidiaries		(120)
Payments for other investments	(221)	(776)
Other, net	32	218
Net cash provided by (used in) investing activities	(11,380)	(15,431)
	April-June 2011	April-June 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	2,524	14,664
Proceeds from long-term loans payable	270	4
Repayment of long-term loans payable	(3)	(11,000)
Repayments of lease obligations	(363)	(327)
Proceeds from sales of treasury stock	1	0
Purchase of treasury stock	(3)	(3)
Cash dividends paid	(3,844)	(3,828)
Proceeds from stock issuance to minority shareholders	—	—
Net cash provided by (used in) financing activities	(1,419)	(489)
Effect of exchange rate change on cash and cash equivalents	325	196
Net increase (decrease) in cash and cash equivalents	(484)	(16,587)
Cash and cash equivalents at beginning of period	175,148	231,933
Cash and cash equivalents at end of period	174,663	215,346

(4) Notes Regarding Going Concern Assumptions

None

(5) Notes Regarding Significant Change in Shareholders' Equity

None

(6) Segment Information**[1] Three months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)****1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment			Total	Other**1	Total
	Business Technologies	Optics	Healthcare			
Sales						
External	134,069	31,141	15,505	180,716	5,489	186,205
Intersegment	490	172	197	860	11,184	12,044
Total	134,559	31,313	15,703	181,576	16,673	198,250
Segment incomes(losses)	3,629	3,403	(510)	6,522	1,048	7,571

Notes:

1. "Other" consists of business segments such as sensing business and industrial inkjet business.
2. This information is based on the amount reported to management, and the figures were calculated based on the reportable segments, before they were changed in the first quarter of the consolidated fiscal year. The related information is presented in "3.Matters associated with changes in reportable segments in the section [2] Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)."

2. Difference between the total of the reportable segments' measures of profit or loss and income according to consolidated quarterly statements of income, and the main components of the difference (matters related to adjustment of difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	6,522
Operating income categorized in "Other"	1,048
Intersegment – eliminations	(1,300)
Corporate expenses	(2,999)
Operating income reported on quarterly statements of income	3,271

Notes: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

[2] Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)**1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	130,349	40,584	15,807	186,740	2,632	189,373
Intersegment	478	587	727	1,793	13,414	15,208
Total	130,827	41,172	16,534	188,534	16,047	204,581
Segment incomes(losses)	3,038	8,168	(157)	11,048	810	11,859

Notes: "Other" consists of business segments such as industrial inkjet business.

2. Difference between the total of the reportable segments' measures of profit or loss and income according to consolidated quarterly statements of income, and the main components of the difference (matters related to adjustment of difference)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	11,048
Operating income categorized in "Other"	810
Intersegment – eliminations	(1,454)
Corporate expenses	(4,065)
Operating income reported on quarterly statements of income	6,339

Notes: Corporate expenses are mainly general administration expenses and basic research expenses that do not belong to any reporting segment.

3. Matters associated with changes in reportable segments

With the reorganization of the Group, the reportable segments are the Business Technologies Business, Industrial Business, and Healthcare Business from the first quarter under review, instead of the Business Technologies Business, Optics Business, and Healthcare Business, which were reportable segments until the previous fiscal year.

Major products and type of services were also changed. Manufacturing and sale of optical products (pickup lenses, etc.) and electronic materials (TAC films, etc.) as in the Optics Business were changed to manufacturing and sale of electronic materials (TAC films, etc.), performance materials, optical products (pickup lenses, etc.), and measuring instruments for industrial and healthcare applications as in the Industrial Business. Meanwhile main products and type of services both in Business Technologies Business and Healthcare Business were not changed.

Segment information for the first quarter of the previous fiscal year in accordance with the new reportable segments is not disclosed except for external sales, because of the practical difficulty in accurately calculating cost of sales and selling, general, and administrative expenses retroactively for the previous fiscal year.

Segment information for the first quarter under review in accordance with the reportable segments before the change is also not disclosed, because of the practical difficulty in obtaining the necessary information, and is not reported to management in consideration of the usefulness of the information.

When segment information for the first quarter of the previous fiscal year is created in accordance with the reportable segments for the first quarter under review, external sales in the Industrial Business are ¥33,531 million, and external sales in "Other" business are ¥3,099 million.