

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	December 31, 2008	[Millions of yen] March 31, 2008
Assets		
Current assets		
Cash and deposits	60,867	89,218
Notes and accounts receivable-trade	187,273	234,862
Lease receivables and investment assets	13,297	—
Short-term investment securities	41,000	33,000
Inventories	143,213	132,936
Deferred tax assets	31,383	37,086
Accounts receivable-other	7,798	14,284
Other	28,174	21,330
Allowance for doubtful accounts	△4,683	△5,608
Total current assets	<u>508,325</u>	<u>557,110</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,642	71,815
Machinery, equipment and vehicles, net	75,635	86,088
Tools, furniture and fixtures, net	26,916	26,846
Land	34,897	35,961
Lease assets, net	159	—
Construction in progress	11,329	5,201
Assets for rent, net	11,153	20,076
Total property, plant and equipment	<u>230,733</u>	<u>245,989</u>
Intangible assets		
Goodwill	82,086	75,809
Other	27,271	18,038
Total intangible assets	<u>109,358</u>	<u>93,848</u>
Investments and other assets		
Investment securities	19,902	28,651
Long-term loans receivable	458	430
Long-term prepaid expenses	2,904	3,589
Deferred tax assets	32,357	28,604
Other	12,351	12,743
Allowance for doubtful accounts	△544	△430
Total investments and other assets	<u>67,430</u>	<u>73,589</u>
Total noncurrent assets	<u>407,522</u>	<u>413,427</u>
Total assets	<u>915,847</u>	<u>970,538</u>

	December 31, 2008	[Millions of yen] March 31, 2008
Liabilities		
Current liabilities		
Notes and accounts payable-trade	103,090	109,413
Short-term loans payable	76,602	93,875
Current portion of long-term loans payable	14,314	6,363
Current portion of bonds	30,091	5,000
Accounts payable-other	39,592	54,286
Accrued expenses	28,954	33,355
Income taxes payable	2,499	16,449
Provision for bonuses	6,367	15,121
Provision for directors' bonuses	137	257
Provision for product warranties	1,941	4,342
Provision for loss on business liquidation	8,822	11,727
Notes payable-facilities	2,733	2,070
Other	19,639	13,307
Total current liabilities	<u>334,787</u>	<u>365,570</u>
Noncurrent liabilities		
Bonds payable	40,000	70,166
Long-term loans payable	46,757	50,620
Deferred tax liabilities for land revaluation	3,889	4,010
Provision for retirement benefits	57,316	53,367
Provision for directors' retirement benefits	501	544
Other	7,431	7,946
Total noncurrent liabilities	<u>155,895</u>	<u>186,656</u>
Total liabilities	<u>490,683</u>	<u>552,227</u>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	199,941	176,684
Treasury stock	△1,658	△1,340
Total shareholders' equity	<u>439,943</u>	<u>417,003</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	525	2,913
Deferred gains or losses on hedges	△393	△319
Foreign currency translation adjustment	△15,928	△2,431
Total valuation and translation adjustments	<u>△15,796</u>	<u>162</u>
Subscription rights to shares	409	286
Minority interests	608	858
Total net assets	<u>425,164</u>	<u>418,310</u>
Total liabilities and net assets	<u>915,847</u>	<u>970,538</u>

(2) Consolidated Statement of Income

[Millions of yen]
Nine months ended December 31, 2008

Net sales	746,632
Cost of sales	399,632
Gross profit	<u>347,000</u>
Selling, general and administrative expenses	<u>283,614</u>
Operating income	<u>63,385</u>
Non-operating income	
Interest income	1,552
Dividends income	518
Equity in earnings of affiliates	71
Other	4,525
Total non-operating income	<u>6,668</u>
Non-operating expenses	
Interest expenses	4,055
Foreign exchange losses	7,717
Other	4,192
Total non-operating expenses	<u>15,965</u>
Ordinary income	<u>54,088</u>
Extraordinary income	
Gain on sales of noncurrent assets	116
Gain on sales of investment securities	6
Gain on sales of subsidiaries and affiliates' stocks	2,803
Gain on transfer of business	3,063
Reversal of provision for loss on business liquidation	367
Other	458
Total extraordinary income	<u>6,815</u>
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	1,552
Loss on sales of investment securities	0
Loss on valuation of investment securities	3,901
Impairment loss	261
Business structure improvement expenses	2,534
Loss on revision of retirement benefit plan	2,046
Total extraordinary losses	<u>10,295</u>
Income before income taxes and minority interests	<u>50,608</u>
Income taxes	23,255
Minority interests in income	3
Net income	<u>27,348</u>

(3) Consolidated Statement of Cash Flows

[Millions of yen]
Nine months ended December 31, 2008

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	50,608
Depreciation and amortization	51,723
Impairment loss	261
Amortization of goodwill	6,460
Increase (decrease) in allowance for doubtful accounts	42
Interest and dividends income	△2,071
Interest expenses	4,055
Loss (gain) on sales and retirement of noncurrent assets	1,436
Loss (gain) on sales and valuation of investment securities	3,895
Loss (gain) on sales and valuation of stocks of subsidiaries and affiliates	△2,803
Loss (gain) on transfer of business	△3,063
Reversal of provision for loss on business liquidation	△367
Business structure improvement expenses	2,534
Loss on revision of retirement benefit plan	2,046
Increase (decrease) in provision for bonuses	△8,615
Increase (decrease) in provision for retirement benefits	5,021
Increase (decrease) in provision for loss on business liquidation	△2,905
Decrease (increase) in notes and accounts receivable-trade	29,242
Decrease (increase) in inventories	△21,168
Increase (decrease) in notes and accounts payable-trade	12,156
Increase (decrease) in accrued consumption taxes	△389
Reversal of Accumulated impairment loss on leased assets	△106
Transfer of Assets for rent	△4,681
Other, net	△4,567
Subtotal	<u>118,747</u>
Interest and dividends income received	2,056
Interest expenses paid	△3,882
Payments for extra retirement payments	△105
Income taxes paid	△34,225
Net cash provided by (used in) operating activities	<u>82,590</u>

Nine months ended December 31, 2008

Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	△50,217
Proceeds from sales of property, plant and equipment	1,511
Purchase of intangible assets	△5,260
Proceeds from transfer of business	4,585
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△27,987
Payments of loans receivable	△239
Collection of loans receivable	183
Purchase of investment securities	△988
Proceeds from sales of investment securities	18
Payments for other investments	△1,012
Other, net	42
Net cash provided by (used in) investment activities	<u>△76,187</u>
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	△5,944
Proceeds from long-term loans payable	8,348
Repayment of long-term loans payable	△4,183
Redemption of bonds	△5,000
Repayments of lease obligations	△1,661
Proceeds from sales of treasury stock	215
Purchase of treasury stock	△656
Cash dividends paid	△9,135
Cash dividends paid to minority shareholders	△268
Net cash provided by (used in) financing activities	<u>△18,286</u>
Effect of exchange rate change on cash and cash equivalents	<u>△8,972</u>
Net increase (decrease) in cash and cash equivalents	<u>△20,856</u>
Cash and cash equivalents at beginning of period	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	498
Cash and cash equivalents at end of period	<u>101,829</u>

Beginning with the current fiscal year, the "Accounting Standards for Quarterly Financial Reporting" (ASBJ, ASBJ Statement No. 12) and the "Implementation Guidance for the Accounting Standards for Quarterly Financial Statements" (ASBJ, ASBJ Guidance No. 14) have been applied. In addition, the quarterly consolidated financial statements are prepared following the "Rules for Quarterly Consolidated Financial Statements."

(4) Notes Regarding Assumptions Related to Continuing Companies

Third quarter of the fiscal year ending March 31, 2009 (October 1, 2008, to December 31, 2008)

This item does not apply to the Group.

(5) Segment Information

[1] Business Segment

Nine-month period ended December 31, 2008 (from April 1, 2008 to December 31, 2008)

[Millions of yen]

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Elimination & corporate	Consolidation
Sales								
Outside customers	486,244	146,512	94,631	6,574	12,668	746,632	--	746,632
Intersegment sales/transfers	3,261	843	1,967	500	45,036	51,609	(51,609)	--
Total	489,506	147,356	96,599	7,075	57,705	798,242	(51,609)	746,632
Operating expenses	441,800	127,923	92,429	6,660	55,162	723,976	(40,728)	683,247
Operating income	47,705	19,432	4,170	414	2,543	74,266	(10,880)	63,385

Notes:

1. Business classification is based on similarity of product type and market. The Group's operations are classified into the five segments of Business Technologies, Optics, Medical and Graphic Imaging, Sensing, and other businesses.

2. Principal Products in Each Business Segment

Business Segment	Principal Products
Business Technologies	MFPs, printers, etc.
Optics	Optical devices, electronics materials, etc.
Medical and Graphic Imaging	Medical products, graphic imaging products, etc.
Sensing	Industrial-use and medical-use measuring instruments, etc
Other businesses	Products other than the above

3. Operating expenses not allocated but included in Elimination/corporate under review amounted to ¥23,174 million are principally R&D expenses incurred by the Company and expenses associated with head office functions.