

5. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

June 30, 2010 and March 31, 2010

[Millions of yen]

	June 30, 2010	March 31, 2010
Assets		
Current assets		
Cash and deposits	86,520	85,533
Notes and accounts receivable-trade	163,737	177,720
Lease receivables and investment assets	12,048	13,993
Short-term investment securities	74,000	79,000
Inventories	96,935	98,263
Deferred tax assets	24,549	19,085
Accounts receivable-other	8,696	7,639
Other	15,051	12,720
Allowance for doubtful accounts	(4,463)	(4,703)
Total current assets	477,075	489,253
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	67,942	66,708
Machinery, equipment and vehicles, net	60,049	52,782
Tools, furniture and fixtures, net	21,801	22,026
Land	34,368	34,320
Lease assets, net	379	366
Construction in progress	5,832	16,901
Assets for rent, net	10,470	11,952
Total property, plant and equipment	200,844	205,057
Intangible assets		
Goodwill	68,996	71,936
Other	25,065	27,137
Total intangible assets	94,061	99,074
Investments and other assets		
Investment securities	20,640	22,029
Long-term loans receivable	263	164
Long-term prepaid expenses	2,808	3,353
Deferred tax assets	34,041	35,304
Other	13,072	12,375
Allowance for doubtful accounts	(813)	(815)
Total investments and other assets	70,014	72,411
Total noncurrent assets	364,919	376,544
Total assets	841,995	865,797

[Millions of yen]

June 30, 2010

March 31, 2010

	June 30, 2010	March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,363	83,118
Short-term loans payable	55,822	58,231
Current portion of long-term loans payable	27,538	27,501
Accounts payable-other	31,503	30,536
Accrued expenses	22,508	24,882
Income taxes payable	4,956	2,488
Provision for bonuses	5,443	11,173
Provision for directors' bonuses	43	149
Provision for product warranties	1,546	1,869
Provision for loss on business liquidation	4,449	4,714
Notes payable-facilities	1,521	562
Asset retirement obligations	18	—
Other	21,289	22,086
Total current liabilities	262,006	267,313
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	71,548	71,625
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	47,418	54,245
Provision for directors' retirement benefits	262	450
Asset retirement obligations	983	—
Other	6,440	7,654
Total noncurrent liabilities	170,386	177,708
Total liabilities	432,393	445,022
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	193,288	193,790
Treasury stock	(1,732)	(1,743)
Total shareholders' equity	433,216	433,707
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	635	741
Deferred gains or losses on hedges	69	33
Foreign currency translation adjustment	(25,644)	(14,947)
Total valuation and translation adjustments	(24,939)	(14,172)
Subscription rights to shares	657	617
Minority interests	666	622
Total net assets	409,601	420,775
Total liabilities and net assets	841,995	865,797

(2) Consolidated Quarterly Statements of Income
First quarters ended June 30, 2009 and 2010

	April-June 2009	April-June 2010
	[Millions of yen]	
Net sales	189,439	194,657
Cost of sales	109,764	106,217
Gross profit	79,675	88,439
Selling, general and administrative expenses	80,265	78,595
Operating income (loss)	(589)	9,844
Non-operating income		
Interest income	440	243
Dividends income	187	198
Equity in earnings of affiliates	—	48
Foreign exchange gains	1,413	—
Other	1,531	964
Total non-operating income	3,572	1,454
Non-operating expenses		
Interest expenses	1,038	741
Equity in losses of affiliates	33	—
Foreign exchange losses	—	2,603
Other	1,308	1,531
Total non-operating expenses	2,380	4,877
Ordinary income	602	6,421
Extraordinary income		
Gain on sales of noncurrent assets	37	25
Gain on sales of investment securities	—	0
Reversal of provision for loss on business liquidation	464	3
Other extraordinary income of foreign subsidiaries	598	368
Total extraordinary income	1,100	396
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	226	274
Loss on sales of investment securities	13	—
Loss on valuation of investment securities	212	982
Impairment loss	0	1
Business structure improvement expenses	846	2,378
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	983
Total extraordinary losses	1,299	4,621
Income before income taxes and minority interests	403	2,197
Income taxes	119	(1,296)
Income before minority interests	—	3,493
Minority interests in income (loss)	(15)	2
Net income	299	3,491

(3) Consolidated Quarterly Statements of Cash Flows

First quarters ended June 30, 2009 and 2010

[Millions of yen]

April-June 2009

April-June 2010

	April-June 2009	April-June 2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	403	2,197
Depreciation and amortization	15,350	13,863
Impairment loss	0	1
Amortization of goodwill	2,385	2,190
Interest and dividends income	(627)	(441)
Interest expenses	1,038	741
Loss (gain) on sales and retirement of noncurrent assets	188	249
Loss (gain) on sales and valuation of investment securities	225	982
Increase (decrease) in provision for bonuses	(5,158)	(5,658)
Increase (decrease) in provision for retirement benefits	1,301	(7,291)
Increase (decrease) in provision for loss on business liquidation	(655)	(264)
Decrease (increase) in notes and accounts receivable-trade	11,727	24
Decrease (increase) in inventories	13,409	(4,727)
Increase (decrease) in notes and accounts payable-trade	(22,393)	12,322
Transfer of assets for rent	(1,795)	(1,441)
Decrease (increase) in accounts receivable-other	1,682	(1,697)
Increase (decrease) in accounts payable-other and accrued expenses	(2,833)	(179)
Increase (decrease) in deposits received	3,034	2,805
Decrease/increase in consumption taxes receivable/payable	3,794	180
Other, net	(5,690)	(4,762)
Subtotal	15,389	9,093
Interest and dividends income received	773	476
Interest expenses paid	(990)	(681)
Income taxes paid	(888)	—
Income taxes (paid) refund	—	(1,437)
Net cash provided by (used in) operating activities	14,284	7,450
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(8,112)	(7,854)
Proceeds from sales of property, plant and equipment	116	204
Purchase of intangible assets	(1,075)	(890)
Payments of loans receivable	(1)	(147)
Collection of loans receivable	83	19
Purchase of investment securities	(1)	(1)
Proceeds from sales of investment securities	15	0
Payments of valuation of other investments	(291)	(276)
Other, net	122	202
Net cash provided by (used in) investing activities	(9,143)	(8,744)

[Millions of yen]

April-June 2009

April-June 2010

	April-June 2009	April-June 2010
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	10,217	1,434
Proceeds from long-term loans payable	16,095	—
Repayment of long-term loans payable	(5,126)	(25)
Repayments of lease obligations	(443)	(394)
Proceeds from sales of treasury stock	2	0
Purchase of treasury stock	(11)	(6)
Cash dividends paid	(5,305)	(3,864)
Proceeds from stock issuance to minority shareholders	—	51
Net cash provided by (used in) financing activities	15,427	(2,804)
Effect of exchange rate change on cash and cash equivalents	(321)	66
Net increase (decrease) in cash and cash equivalents	20,246	(4,031)
Cash and cash equivalents at beginning of period	133,727	164,146
Cash and cash equivalents at end of period	153,973	160,114

(4) Notes Regarding Going Concern Assumptions

None.

(5) Segment Information.

[1] Business Segment

1Q March/2010 (From April 1, 2009 to June 30, 2009)

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
Sales								
External	127,220	33,990	23,727	1,408	3,093	189,439	-	189,439
Intersegment	741	165	276	210	11,170	12,564	(12,564)	-
Total	127,961	34,155	24,004	1,619	14,264	202,004	(12,564)	189,439
Operating expenses	127,716	32,493	23,173	1,819	13,813	199,016	(8,987)	190,029
Operating income (loss)	244	1,662	830	(200)	450	2,987	(3,577)	(589)

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 business segments

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 able to be properly allocated that are included in Eliminations and Corporate are principally R&D expenses incurred by the Company and expenses associated with head office functions. Such expenses amounted to ¥7,307 million.