

## 5. Consolidated Quarterly Financial Statements

### (1) Consolidated Quarterly Balance Sheets

December 31, 2010 and March 31, 2010

[Millions of yen]

December 31, 2010

March 31, 2010

	December 31, 2010	March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	88,916	85,533
Notes and accounts receivable-trade	153,113	177,720
Lease receivables and investment assets	12,657	13,993
Short-term investment securities	104,000	79,000
Inventories	105,353	98,263
Deferred tax assets	22,254	19,085
Accounts receivable-other	8,788	7,639
Other	14,441	12,720
Allowance for doubtful accounts	-4,006	-4,703
<b>Total current assets</b>	<b>505,519</b>	<b>489,253</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,707	66,708
Machinery, equipment and vehicles, net	55,568	52,782
Tools, furniture and fixtures, net	20,755	22,026
Land	33,785	34,320
Lease assets, net	378	366
Construction in progress	5,403	16,901
Assets for rent, net	8,729	11,952
<b>Total property, plant and equipment</b>	<b>193,328</b>	<b>205,057</b>
Intangible assets		
Goodwill	65,901	71,936
Other	24,246	27,137
<b>Total intangible assets</b>	<b>90,148</b>	<b>99,074</b>
Investments and other assets		
Investment securities	20,937	22,029
Long-term loans receivable	159	164
Long-term prepaid expenses	3,138	3,353
Deferred tax assets	33,042	35,304
Other	12,501	12,375
Allowance for doubtful accounts	-844	-815
<b>Total investments and other assets</b>	<b>68,934</b>	<b>72,411</b>
<b>Total noncurrent assets</b>	<b>352,411</b>	<b>376,544</b>
<b>Total assets</b>	<b>857,930</b>	<b>865,797</b>

[Millions of yen]

December 31, 2010

March 31, 2010

	December 31, 2010	March 31, 2010
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	75,703	83,118
Short-term loans payable	64,747	58,231
Current portion of long-term loans payable	28,508	27,501
Accounts payable-other	32,557	30,536
Accrued expenses	22,853	24,882
Income taxes payable	3,936	2,488
Provision for bonuses	5,711	11,173
Provision for directors' bonuses	114	149
Provision for product warranties	1,204	1,869
Provision for loss on business liquidation	3,607	4,714
Notes payable-facilities	1,084	562
Asset retirement obligations	17	—
Other	17,903	22,086
<b>Total current liabilities</b>	<b>257,950</b>	<b>267,313</b>
Noncurrent liabilities		
Bonds payable	70,000	40,000
Long-term loans payable	60,547	71,625
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	49,809	54,245
Provision for directors' retirement benefits	305	450
Asset retirement obligations	983	—
Other	6,402	7,654
<b>Total noncurrent liabilities</b>	<b>191,781</b>	<b>177,708</b>
<b>Total liabilities</b>	<b>449,732</b>	<b>445,022</b>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	196,576	193,790
Treasury stock	-1,673	-1,743
<b>Total shareholders' equity</b>	<b>436,562</b>	<b>433,707</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	672	741
Deferred gains or losses on hedges	25	33
Foreign currency translation adjustment	-30,347	-14,947
<b>Total valuation and translation adjustments</b>	<b>-29,649</b>	<b>-14,172</b>
Subscription rights to shares	628	617
Minority interests	655	622
<b>Total net assets</b>	<b>408,198</b>	<b>420,775</b>
<b>Total liabilities and net assets</b>	<b>857,930</b>	<b>865,797</b>

**(2) Consolidated Quarterly Statements of Income**  
**Nine months ended December 31, 2009 and 2010**

	[Millions of yen]	
	Apr-Dec, 2009	Apr-Dec, 2010
Net sales	588,731	575,280
Cost of sales	330,093	310,714
Gross profit	258,638	264,566
Selling, general and administrative expenses	237,434	236,314
Operating income	21,203	28,251
Non-operating income		
Interest income	1,121	956
Dividends income	332	357
Equity in earnings of affiliates	—	73
Other	3,337	2,826
Total non-operating income	4,791	4,213
Non-operating expenses		
Interest expenses	2,765	2,295
Equity in losses of affiliates	3	—
Foreign exchange losses	243	3,909
Other	3,846	3,987
Total non-operating expenses	6,859	10,191
Ordinary income	19,135	22,274
Extraordinary income		
Gain on sales of noncurrent assets	668	183
Gain on sales of investment securities	699	0
Reversal of provision for loss on business liquidation	722	183
Other extraordinary income of foreign subsidiaries	598	368
Total extraordinary income	2,688	735
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,133	1,354
Loss on sales of investment securities	351	2
Loss on valuation of investment securities	400	1,024
Impairment loss	164	59
Business structure improvement expenses	1,216	3,326
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	983
Total extraordinary losses	4,264	6,750
Income before income taxes and minority interests	17,559	16,259
Income taxes	8,544	5,443
Income before minority interests	—	10,815
Minority interests in income	6	25
Net income	9,007	10,790

Three months ended December 31, 2009 and 2010

	Oct-Dec, 2009	[Millions of yen] Oct-Dec, 2010
Net sales	195,390	183,455
Cost of sales	105,634	99,790
Gross profit	89,756	83,664
Selling, general and administrative expenses	77,712	78,018
Operating income	12,044	5,645
Non-operating income		
Interest income	363	337
Dividends income	127	146
Equity in earnings of affiliates	37	31
Other	733	781
Total non-operating income	1,261	1,296
Non-operating expenses		
Interest expenses	914	805
Foreign exchange losses	477	598
Other	1,507	1,167
Total non-operating expenses	2,898	2,571
Ordinary income	10,406	4,371
Extraordinary income		
Gain on sales of noncurrent assets	508	39
Gain on sales of investment securities	699	0
Gain on reversal of loss on valuation of investment securities	—	606
Reversal of provision for loss on business liquidation	25	9
Other	—	131
Total extraordinary income	1,234	787
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	481	361
Loss on sales of investment securities	337	2
Loss on valuation of investment securities	177	70
Impairment loss	—	5
Business structure improvement expenses	—	59
Total extraordinary losses	996	501
Income before income taxes and minority interests	10,645	4,657
Income taxes	5,163	2,500
Income before minority interests	—	2,157
Minority interests in income	8	3
Net income	5,472	2,153

### (3) Consolidated Quarterly Statements of Cash Flows

Nine months ended December 31, 2009 and 2010

[Millions of yen]

Apr-Dec, 2009

Apr-Dec, 2010

	Apr-Dec, 2009	Apr-Dec, 2010
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	17,559	16,259
Depreciation and amortization	46,057	41,140
Impairment loss	164	59
Amortization of goodwill	6,987	6,327
Interest and dividends income	-1,453	-1,313
Interest expenses	2,765	2,295
Loss (gain) on sales and retirement of noncurrent assets	1,464	1,170
Loss (gain) on sales and valuation of investment securities	51	1,026
Increase (decrease) in provision for bonuses	-6,258	-5,349
Increase (decrease) in provision for retirement benefits	3,849	-4,552
Increase (decrease) in provision for loss on business liquidation	-1,809	-1,107
Decrease (increase) in notes and accounts receivable-trade	5,943	6,105
Decrease (increase) in inventories	24,648	-16,536
Increase (decrease) in notes and accounts payable-trade	-1,587	6,940
Transfer of assets for rent	-5,290	-3,931
Decrease (increase) in accounts receivable-other	2,503	-3,004
Increase (decrease) in accounts payable-other and accrued expenses	-7,526	2,618
Increase (decrease) in deposits received	2,153	1,406
Decrease/increase in consumption taxes receivable/payable	3,730	-481
Other, net	-4,686	-2,290
Subtotal	89,265	46,781
Interest and dividends income received	1,632	1,347
Interest expenses paid	-2,797	-2,280
Income taxes (paid) refund	402	-6,391
Net cash provided by (used in) operating activities	88,503	39,457
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	-26,432	-28,067
Proceeds from sales of property, plant and equipment	1,029	700
Purchase of intangible assets	-3,337	-3,582
Proceeds from transfer of business	—	468
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	-2,114
Payments of loans receivable	-105	-457
Collection of loans receivable	145	117
Purchase of investment securities	-2,913	-94
Proceeds from sales of investment securities	1,197	11
Payments of valuation of other investments	-860	-957
Other, net	502	275
Net cash provided by (used in) investing activities	-30,774	-33,701

	Apr-Dec, 2009	[Millions of yen] Apr-Dec, 2010
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	-127	11,091
Proceeds from long-term loans payable	16,097	—
Repayment of long-term loans payable	-12,293	-10,057
Proceeds from issuance of bonds	—	30,000
Redemption of bonds	-30,000	—
Repayments of lease obligations	-1,583	-1,130
Proceeds from sales of treasury stock	9	3
Purchase of treasury stock	-77	-71
Cash dividends paid	-9,128	-7,828
Proceeds from stock issuance to minority shareholders	—	51
Net cash provided by (used in) financing activities	-37,104	22,059
<b>Effect of exchange rate change on cash and cash equivalents</b>	1,876	512
<b>Net increase (decrease) in cash and cash equivalents</b>	22,500	28,326
<b>Cash and cash equivalents at beginning of period</b>	133,727	164,146
<b>Cash and cash equivalents at end of period</b>	156,228	192,472

#### (4) Notes Regarding Going Concern Assumptions

None.

#### (5) Segment Information

##### [1] Business Segment

Three months to December 31, 2009 (From October 1, 2009 to December 31, 2009)

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
[Millions of yen]								
Sales								
External	133,975	32,127	23,498	1,681	4,108	195,390	-	195,390
Intersegment	945	262	253	222	11,353	13,038	(13,038)	-
Total	134,921	32,389	23,752	1,904	15,462	208,429	(13,038)	195,390
Operating expenses	124,734	28,214	24,005	1,943	14,293	193,192	(9,845)	183,346
Operating income (loss)	10,186	4,174	(253)	(39)	1,168	15,237	(3,192)	12,044

Nine months to December 31, 2009 (From April 1, 2009 to December 31, 2009)

	Business Technologies	Optics	Medical and Graphic	Sensing	Other	Total	Eliminations and Corporate	Consolidated
[Millions of yen]								
Sales								
External	393,915	102,601	76,426	4,725	11,062	588,731	-	588,731
Intersegment	2,545	612	1,182	672	33,812	38,825	(38,825)	-
Total	396,461	103,213	77,609	5,398	44,875	627,557	(38,825)	588,731
Operating expenses	378,385	92,919	76,069	5,813	42,416	595,604	(28,075)	567,528
Operating income (loss)	18,075	10,294	1,540	(415)	2,458	31,953	(10,749)	21,203

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 ¥6,974 million and ¥21,916 million for the October-December and the April-December terms respectively.