

### 3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

#### (1) Consolidated Quarterly Balance Sheets

June 30, 2011 and March 31, 2011

[Millions of yen]

March 31, 2011

June 30, 2011

#### Consolidated balance sheets

##### Assets

##### Current assets

Cash and deposits	87,886	85,291
Notes and accounts receivable-trade	163,363	153,386
Lease receivables and investment assets	14,327	14,276
Short-term investment securities	87,261	89,372
Inventories	100,243	100,677
Deferred tax assets	30,393	30,594
Accounts receivable-other	10,536	12,035
Other	12,084	13,269
Allowance for doubtful accounts	(4,220)	(3,884)

##### Total current assets

501,876

495,020

##### Noncurrent assets

##### Property, plant and equipment

Buildings and structures, net	69,372	67,983
Machinery, equipment and vehicles, net	51,530	50,232
Tools, furniture and fixtures, net	20,154	19,812
Land	33,777	33,691
Lease assets, net	488	464
Construction in progress	6,589	3,235
Assets for rent, net	8,788	8,282

##### Total property, plant and equipment

190,701

183,703

##### Intangible assets

Goodwill	63,146	64,353
Other	25,225	25,055

##### Total intangible assets

88,371

89,409

##### Investments and other assets

Investment securities	20,893	19,411
Long-term loans receivable	154	142
Long-term prepaid expenses	3,030	2,866
Deferred tax assets	30,404	32,750
Other	10,752	10,561
Allowance for doubtful accounts	(732)	(733)

##### Total investments and other assets

64,504

64,998

##### Total noncurrent assets

343,577

338,110

##### Total assets

845,453

833,130

	[Millions of yen]	
	March 31, 2011	June 30, 2011
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	74,640	71,880
Short-term loans payable	50,018	52,074
Current portion of long-term loans payable	24,516	35,779
Accounts payable-other	31,490	27,904
Accrued expenses	24,282	25,317
Income taxes payable	5,199	4,934
Provision for bonuses	10,911	5,479
Provision for directors' bonuses	130	76
Provision for product warranties	1,622	1,692
Provision for loss on business liquidation	26	16
Notes payable-facilities	585	946
Asset retirement obligations	42	23
Other	19,013	19,928
Total current liabilities	242,480	246,054
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	48,033	37,002
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	44,734	45,770
Provision for directors' retirement benefits	329	278
Asset retirement obligations	963	947
Other	6,192	6,241
Total noncurrent liabilities	173,985	163,972
Total liabilities	416,465	410,027
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	211,467	207,338
Treasury stock	(1,670)	(1,672)
Total shareholders' equity	451,457	447,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	478	651
Deferred gains or losses on hedges	(94)	(28)
Foreign currency translation adjustment	(24,193)	(26,247)
Total accumulated other comprehensive income	(23,809)	(25,623)
Subscription rights to shares	658	691
Minority interests	682	709
Total net assets	428,987	423,103
<b>Total liabilities and net assets</b>	<b>845,453</b>	<b>833,130</b>

## (2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income

### Consolidated Quarterly Statements of Income Three months ended June 30, 2010 and 2011

[Millions of yen]

	April-June 2010	April-June 2011
Net sales	194,657	186,205
Cost of sales	106,217	102,595
Gross profit	88,439	83,610
Selling, general and administrative expenses	78,595	80,339
Operating income	9,844	3,271
Non-operating income		
Interest income	243	271
Dividends income	198	266
Equity in earnings of affiliates	48	—
Other	964	912
Total non-operating income	1,454	1,450
Non-operating expenses		
Interest expenses	741	646
Equity in losses of affiliates	—	12
Foreign exchange losses	2,603	660
Other	1,531	846
Total non-operating expenses	4,877	2,165
Ordinary income	6,421	2,556
Extraordinary income		
Gain on sales of noncurrent assets	25	37
Gain on sales of investment securities	0	1
Reversal of provision for loss on business liquidation	3	—
Other extraordinary income of foreign subsidiaries	368	—
Total extraordinary income	396	39
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	274	237
Loss on valuation of investment securities	982	1,817
Impairment loss	1	53
Business structure improvement expenses	2,378	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	983	—
Loss on disaster	—	96
Total extraordinary losses	4,621	2,205
Income before income taxes and minority interests	2,197	390
Income taxes	(1,296)	495
Income (loss) before minority interests	3,493	(105)
Minority interests in income	2	5
Net income (loss)	3,491	(110)

**Consolidated Quartely Statements of Comprehensive Income**  
**Three months ended June 30, 2010 and 2011**

[Millions of yen]

	April-June 2010	April-June 2011
Income (loss) before minority interests	3,493	(105)
Other comprehensive income		
Valuation difference on available-for-sale securities	(105)	173
Deferred gains or losses on hedges	36	66
Foreign currency translation adjustment	(10,704)	(2,034)
Share of other comprehensive income of associates accounted for using equity method	(1)	0
Total other comprehensive income	(10,776)	(1,793)
Comprehensive income	(7,282)	(1,899)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(7,275)	(1,924)
Comprehensive income attributable to minority interests	(6)	25

**(3) Consolidated Quarterly Statements of Cash Flow****Three months ended June 30, 2010 and 2011**

[Millions of yen]

April-June 2010

April-June 2011

<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	2,197	390
Depreciation and amortization	13,863	11,686
Impairment loss	1	53
Amortization of goodwill	2,190	2,230
Interest and dividends income	(441)	(538)
Interest expenses	741	646
Loss (gain) on sales and retirement of noncurrent assets	249	199
Loss (gain) on sales and valuation of investment securities	982	1,816
Increase (decrease) in provision for bonuses	(5,658)	(5,410)
Increase (decrease) in provision for retirement benefits	(7,291)	1,337
Increase (decrease) in provision for loss on business liquidation	(264)	(10)
Decrease (increase) in notes and accounts receivable-trade	24	8,821
Decrease (increase) in inventories	(4,727)	(997)
Increase (decrease) in notes and accounts payable-trade	12,322	(2,319)
Transfer of assets for rent	(1,441)	(929)
Decrease (increase) in accounts receivable-other	(1,697)	(1,112)
Increase (decrease) in accounts payable-other and accrued expenses	(179)	82
Increase (decrease) in deposits received	2,805	2,693
Decrease/increase in consumption taxes receivable/payable	180	1,724
Other, net	(4,762)	(4,789)
Subtotal	9,093	15,575
Interest and dividends income received	476	454
Interest expenses paid	(681)	(656)
Income taxes (paid) refund	(1,437)	(3,383)
Net cash provided by (used in) operating activities	7,450	11,990
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(7,854)	(6,364)
Proceeds from sales of property, plant and equipment	204	157
Purchase of intangible assets	(890)	(870)
Payments for transfer of business	—	(481)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(3,622)
Payments of loans receivable	(147)	(44)
Collection of loans receivable	19	35
Purchase of investment securities	(1)	(2)
Proceeds from sales of investment securities	0	1
Payments for other investments	(276)	(221)
Other, net	202	32
Net cash provided by (used in) investing activities	(8,744)	(11,380)

	[Millions of yen]	
	April-June 2010	April-June 2011
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	1,434	2,524
Proceeds from long-term loans payable	—	270
Repayment of long-term loans payable	(25)	(3)
Repayments of lease obligations	(394)	(363)
Proceeds from sales of treasury stock	0	1
Purchase of treasury stock	(6)	(3)
Cash dividends paid	(3,864)	(3,844)
Proceeds from stock issuance to minority shareholders	51	—
Net cash provided by (used in) financing activities	(2,804)	(1,419)
<b>Effect of exchange rate change on cash and cash equivalents</b>	66	325
<b>Net increase (decrease) in cash and cash equivalents</b>	(4,031)	(484)
<b>Cash and cash equivalents at beginning of period</b>	164,146	175,148
<b>Cash and cash equivalents at end of period</b>	160,114	174,663

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

None

**(5) Segment Information****[1] Three months ended June 30, 2010 (From April 1, 2010 to June 30, 2010)****1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Optics	Medical and Graphic	Total		
Sales						
External	132,780	35,174	21,023	188,978	5,678	194,657
Intersegment	1,046	156	315	1,517	12,181	13,699
Total	133,827	35,330	21,339	190,496	17,860	208,356
Segment incomes (loss)	7,646	5,098	(86)	12,659	984	13,643

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 third 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, 2011 (From April 1, 2011 to June 30, 2011)

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

Item	[Millions of yen]
	Amount
Total operating income of reportable segments	12,659
Operating income categorized in "Other"	984
Intersegment - eliminations	(1,067)
Corporate expenses	(2,731)
Operating income reported on quarterly statements of income	9,844

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, 2011 (From April 1, 2011 to June 30, 2011)****1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Optics	Healthcare	Total		
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 (loss)	3,629	3,403	(510)	6,522	1,048	7,571

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

**2. Difference between the total of the reportable segments' measures of profit or loss and income according to quarterly consolidated 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.

### 3. Matters associated with changes in reportable segments

To further strengthen the competitiveness and operations of the production printing field, since the third quarter of the previous consolidated fiscal year, the Group has restructured its operations by integrating the businesses associated with commercial printing and digital printing into the Business Technologies Business. As a result, it has changed the method by which it categorizes its reportable segments, and integrated the Graphic Imaging Business in the Medical & Graphic Imaging Business into the Business Technologies Business.

As a result of restructuring as described above, the main products and the types of services of the Medical & Graphic Imaging Business have changed from the production and sale of medical, printing, and other related products to the production and sale of medical and other related products.

Consequently, the title of the reportable segment has changed from the Medical & Graphic Imaging Business to the Healthcare Business.

Tracing and obtaining information necessary for preparing segment information for the first quarter of the previous consolidated fiscal year in accordance with the reportable segments for the first quarter of the consolidated fiscal year under review is difficult, and preparing segment information in the ways described above imposes an excessive burden. Moreover, no such segment information has been reported to management. For those reasons and given the utility of such segment information, we do not disclose it, with the exception of sales to external customers.

If we prepare segment information for the first quarter of the previous consolidated fiscal year in accordance with the segments for the first quarter of the consolidated fiscal year under review, sales to external customers in the Business Technologies Business are ¥134,864 million, and those in the Healthcare Business are ¥18,940 million. The figure of the Business Technologies Business includes ¥2,083 million from the former Graphic Imaging Business.

### (6) Notes to any Significant Changes in Shareholders' Equity

None