

### 3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

#### (1) Consolidated Quarterly Balance Sheets December 31, 2012 and March 31, 2012

	March 31, 2012	December 31, 2012
[Millions of yen]		
<b>Assets</b>		
Current assets		
Cash and deposits	90,640	94,452
Notes and accounts receivable-trade	174,193	176,309
Lease receivables and investment assets	13,775	14,960
Short-term investment securities	141,293	97,003
Inventories	105,080	121,638
Deferred tax assets	20,100	22,026
Accounts receivable-other	13,467	9,210
Other	11,759	14,118
Allowance for doubtful accounts	(4,385)	(4,437)
Total current assets	565,923	545,281
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,874	67,080
Machinery, equipment and vehicles, net	39,773	35,719
Tools, furniture and fixtures, net	22,407	23,152
Land	33,609	33,759
Lease assets, net	415	512
Construction in progress	7,817	5,887
Assets for rent, net	8,101	9,423
Total property, plant and equipment	178,999	175,536
Intangible assets		
Goodwill	59,727	70,064
Other	27,613	34,459
Total intangible assets	87,341	104,523
Investments and other assets		
Investment securities	19,073	19,636
Long-term loans receivable	133	135
Long-term prepaid expenses	2,650	2,560
Deferred tax assets	38,281	38,262
Other	10,355	13,944
Allowance for doubtful accounts	(706)	(1,182)
Total investments and other assets	69,788	73,356
Total noncurrent assets	336,128	353,416
<b>Total assets</b>	<b>902,052</b>	<b>898,697</b>

	March 31, 2012	December 31, 2012
[Millions of yen]		
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	88,129	80,759
Short-term loans payable	32,913	73,536
Current portion of long-term loans payable	11,994	1,094
Current portion of bonds	—	50
Accounts payable-other	30,295	29,645
Accrued expenses	25,305	27,028
Income taxes payable	6,908	7,775
Provision for bonuses	10,826	6,007
Provision for directors' bonuses	203	194
Provision for product warranties	1,050	991
Notes payable-facilities	1,062	1,138
Asset retirement obligations	146	26
Other	20,124	23,325
<b>Total current liabilities</b>	<b>228,958</b>	<b>251,573</b>
Noncurrent liabilities		
Bonds payable	110,000	70,000
Long-term loans payable	73,025	73,028
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	44,545	47,092
Provision for directors' retirement benefits	341	258
Asset retirement obligations	931	958
Other	5,992	7,863
<b>Total noncurrent liabilities</b>	<b>238,105</b>	<b>202,472</b>
<b>Total liabilities</b>	<b>467,064</b>	<b>454,046</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,142	204,140
Retained earnings	222,848	225,212
Treasury stock	(1,597)	(1,572)
<b>Total shareholders' equity</b>	<b>462,913</b>	<b>465,298</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,183	507
Deferred gains or losses on hedges	(228)	(656)
Foreign currency translation adjustment	(30,199)	(21,859)
<b>Total accumulated other comprehensive income</b>	<b>(29,243)</b>	<b>(22,008)</b>
Subscription rights to shares	682	748
Minority interests	635	613
<b>Total net assets</b>	<b>434,987</b>	<b>444,651</b>
<b>Total liabilities and net assets</b>	<b>902,052</b>	<b>898,697</b>

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income****Consolidated Quarterly Statements of Income****Nine months ended December 31, 2011 and 2012**

[Millions of yen]

	April-December, 2011	April-December, 2012
Net sales	560,372	577,727
Cost of sales	300,328	307,947
Gross profit	260,043	269,779
Selling, general and administrative expenses	236,757	242,688
Operating income	23,285	27,090
Non-operating income		
Interest income	844	759
Dividends income	456	410
Equity in earnings of affiliates	31	55
Foreign exchange gains	—	666
Other	2,718	2,603
Total non-operating income	4,051	4,496
Non-operating expenses		
Interest expenses	1,908	1,816
Foreign exchange losses	2,945	—
Other	3,584	3,653
Total non-operating expenses	8,438	5,469
Ordinary income	18,898	26,117
Extraordinary income		
Gain on sales of noncurrent assets	69	153
Gain on sales of investment securities	2	34
Reversal of provision for loss on business liquidation	19	—
Other extraordinary income of foreign subsidiaries	102	—
Other	—	25
Total extraordinary income	194	213
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,318	1,462
Loss on valuation of investment securities	2,381	52
Impairment loss	84	1,481
Business structure improvement expenses	1,198	379
Group restructuring expenses	—	39
Loss on disaster	57	—
Total extraordinary losses	5,039	3,415
Income before income taxes and minority interests	14,053	22,914
Income taxes	8,602	12,593
Income before minority interests	5,451	10,321
Minority interests in income	52	4
Net income	5,399	10,317

**Consolidated Quarterly Statements of Comprehensive Income**  
**Nine months ended December 31, 2011 and 2012**

	[Millions of yen]	
	April-December, 2011	April-December, 2012
Income before minority interests	5,451	10,321
Other comprehensive income		
Valuation difference on available-for-sale securities	(608)	(675)
Deferred gains or losses on hedges	332	(428)
Foreign currency translation adjustment	(12,748)	8,297
Share of other comprehensive income of associates accounted for using equity method	(3)	5
Total other comprehensive income	(13,027)	7,198
Comprehensive income	(7,576)	17,520
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(7,515)	17,553
Comprehensive income attributable to minority interests	(60)	(32)

**Consolidated Quartely Statements of Income**  
**Three months ended December 31, 2011 and 2012**

[Millions of yen]

October-December, 2011    October-December, 2012

	October-December, 2011	October-December, 2012
Net sales	182,049	193,909
Cost of sales	95,651	104,140
Gross profit	86,397	89,768
Selling, general and administrative expenses	78,716	82,957
Operating income	7,680	6,810
Non-operating income		
Interest income	312	234
Dividends income	164	173
Equity in earnings of affiliates	12	32
Foreign exchange gains	530	1,661
Other	931	721
Total non-operating income	1,951	2,823
Non-operating expenses		
Interest expenses	561	627
Termination expenses on manufacturing consignment	544	—
Other	1,224	1,139
Total non-operating expenses	2,331	1,767
Ordinary income	7,301	7,867
Extraordinary income		
Gain on sales of noncurrent assets	20	43
Gain on sales of investment securities	0	—
Gain on reversal of loss on valuation of investment securities	18	258
Other extraordinary income of foreign subsidiaries	102	—
Total extraordinary income	142	301
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	542	297
Loss on valuation of investment securities	28	—
Impairment loss	53	19
Business structure improvement expenses	1,198	—
Group restructuring expenses	—	39
Total extraordinary losses	1,822	356
Income before income taxes and minority interests	5,620	7,812
Income taxes	3,954	5,106
Income before minority interests	1,666	2,705
Minority interests in income (loss)	18	(2)
Net income	1,647	2,707

**Consolidated Quartely Statements of Comprehensive Income**  
**Three months ended December 31, 2011 and 2012**

[Millions of yen]

	October-December, 2011	October-December, 2012
Income before minority interests	1,666	2,705
Other comprehensive income		
Valuation difference on available-for-sale securities	60	870
Deferred gains or losses on hedges	177	(806)
Foreign currency translation adjustment	(623)	18,118
Share of other comprehensive income of associates accounted for using equity method	(2)	3
Total other comprehensive income	(387)	18,185
Comprehensive income	1,278	20,891
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,391	20,907
Comprehensive income attributable to minority interests	(112)	(16)

**(3) Consolidated Quarterly Statements of Cash Flow**  
**Nine months ended December 31, 2011 and 2012**

[Millions of yen]

	April-December, 2011	April-December, 2012
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	14,053	22,914
Depreciation and amortization	36,034	33,276
Impairment loss	84	1,481
Amortization of goodwill	6,596	7,071
Interest and dividends income	(1,301)	(1,169)
Interest expenses	1,908	1,816
Loss (gain) on sales and retirement of noncurrent assets	1,248	1,309
Loss (gain) on sales and valuation of investment securities	2,377	17
Increase (decrease) in provision for bonuses	(5,228)	(4,902)
Increase (decrease) in provision for retirement benefits	3,446	2,589
Increase (decrease) in provision for loss on business liquidation	(26)	—
Decrease (increase) in notes and accounts receivable-trade	(1,457)	10,705
Decrease (increase) in inventories	(10,106)	(10,583)
Increase (decrease) in notes and accounts payable-trade	11,048	(17,205)
Transfer of assets for rent	(2,820)	(4,044)
Decrease (increase) in accounts receivable-other	(1,996)	2,485
Increase (decrease) in accounts payable-other and accrued	2,847	(912)
Increase (decrease) in deposits received	1,511	1,457
Decrease/increase in consumption taxes receivable/payable	937	(605)
Other, net	(5,201)	917
<b>Subtotal</b>	<b>53,954</b>	<b>46,620</b>
Interest and dividends income received	1,228	1,198
Interest expenses paid	(1,890)	(1,949)
Income taxes (paid) refund	(4,284)	(10,277)
<b>Net cash provided by (used in) operating activities</b>	<b>49,006</b>	<b>35,591</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(19,889)	(21,182)
Proceeds from sales of property, plant and equipment	325	419
Purchase of intangible assets	(4,023)	(4,757)
Payments for transfer of business	(1,479)	(1,838)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,506)	(9,321)
Purchase of investments in subsidiaries' equity resulting in change in scope of consolidation	—	(7,109)
Payments of loans receivable	(207)	(289)
Collection of loans receivable	68	60
Purchase of investment securities	(5)	(340)
Proceeds from sales of investment securities	2	176
Purchase of investments in subsidiaries	—	(1,296)
Payments of valuation of other investments	(663)	(4,492)
Other, net	115	644
<b>Net cash provided by (used in) investing activities</b>	<b>(31,262)</b>	<b>(49,325)</b>

	[Millions of yen]	
	April-December, 2011	April-December, 2012
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(7,323)	31,998
Proceeds from long-term loans payable	10,304	55
Repayment of long-term loans payable	(11,333)	(11,004)
Proceeds from issuance of bonds	40,000	—
Redemption of bonds	—	(39,950)
Repayments of lease obligations	(1,250)	(1,085)
Proceeds from sales of treasury stock	2	1
Purchase of treasury stock	(9)	(6)
Cash dividends paid	(7,803)	(7,822)
Net cash provided by (used in) financing activities	22,586	(27,814)
<b>Effect of exchange rate change on cash and cash</b>	407	1,070
<b>Net increase (decrease) in cash and cash equivalents</b>	40,737	(40,477)
<b>Cash and cash equivalents at beginning of period</b>	175,148	231,933
<b>Cash and cash equivalents at end of period</b>	215,885	191,455



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

None

**(5) Notes regarding Significant Change in Shareholders' Equity**

None

**(6) Segment Information****[1] Nine months ended December 31, 2011 (From April 1, 2011 to December 31, 2011)****1. Information about Segment Sales and Income (Loss)**

	Reportable Segment					Other <sup>*1</sup>	Total
	Business Technologies	Optics	Healthcare	Total			
	[Millions of yen]						
Sales							
External	400,882	91,112	51,906	543,902	16,469	560,372	
Intersegment	1,412	562	1,150	3,126	34,979	38,105	
Total	402,295	91,675	53,057	547,029	51,449	598,478	
Segment incomes (losses)	24,641	9,696	(598)	33,738	3,566	37,305	

Notes:

- "Other" consists of business segments such as Sensing Business and Industrial Inkjet Business.
- 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 under review. The related information is presented in "3. Matters associated with changes in reportable segments in the section [2] Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 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)**

Item	[Millions of yen]
	Amount
Total operating income of reportable segments	33,738
Operating income categorized in "Other"	3,566
Intersegment – eliminations	(4,190)
Corporate expenses	(9,829)
Operating income reported on quarterly statements of income	23,285

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

**[2] Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)**  
**1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other *	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	405,175	114,437	50,063	569,676	8,051	577,727
Intersegment	1,448	1,679	1,956	5,084	37,824	42,909
Total	406,624	116,116	52,019	574,760	45,876	620,637
Segment incomes	18,402	21,527	1,178	41,109	2,783	43,892

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	41,109
Operating income categorized in "Other"	2,783
Intersegment – eliminations	(4,604)
Corporate expenses	(12,197)
Operating income reported on quarterly statements of income	27,090

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 of the consolidated fiscal year under review, instead of the Business Technologies Business, Optics Business, and Healthcare Business, which were reportable segments until the previous fiscal year.

Main 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 three quarters 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 three quarters 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 three quarters of the previous fiscal year is created in accordance with the reportable segments for the first three quarters under review, external sales in the Industrial Business are ¥99,019 million, and external sales in "Other" business are ¥8,563 million.

### **4. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment**

#### **Significant impairments loss on noncurrent assets**

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment and Healthcare Business segment fell below the book value. The impairment loss posted during the first three quarters of the consolidated fiscal year under review was ¥365 million for the Industrial Business segment and ¥1,048 million for the Healthcare Business segment.

#### **Material change in the goodwill amount**

In the Business Technologies Business, the shares of Charterhouse PM Limited were acquired and the company was made into a subsidiary. Although it is a provisional amount as the allocation of expenditures to acquisition cost has not been completed, the increase in goodwill as a result of events during the first three quarters of the fiscal year under review was ¥7,415 million.

In addition, in the Industrial Business, the equity interest of Instrument Systems GmbH was acquired and the company was made into a subsidiary. Although it is a provisional amount as the allocation of expenditures to acquisition cost has not been completed, the increase in goodwill as a result of events during the first three quarters of the fiscal year under review was ¥3,819 million.

**[3] Three months ended December 31, 2011 (From October 1, 2011 to December 31, 2011)****1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment			Other <sup>*1</sup>	Total	
	Business Technologies	Optics	Healthcare			Total
Sales						
External	131,906	27,747	17,256	176,910	5,138	182,049
Intersegment	493	203	732	1,429	11,237	12,667
Total	132,399	27,951	17,989	178,340	16,376	194,716
Segment incomes	9,355	2,496	(220)	11,631	937	12,569

## Notes:

- "Other" consists of business segments such as Sensing Business and Industrial Inkjet Business.
- 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 under review. The related information is presented in "3. Matters associated with changes in reportable segments in the section [2] Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 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	11,631
Operating income categorized in "Other"	937
Intersegment – eliminations	(1,235)
Corporate expenses	(3,652)
Operating income reported on quarterly statements of income	7,680

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

**[4] Three months ended December 31, 2012 (From October 1, 2012 to December 31, 2012)**  
**1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other *	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	140,217	35,036	16,188	191,442	2,466	193,909
Intersegment	481	511	696	1,688	11,781	13,470
Total	140,698	35,548	16,884	193,131	14,248	207,379
Segment incomes	5,359	5,920	20	11,300	843	12,143

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	11,300
Operating income categorized in "Other"	843
Intersegment – eliminations	(1,070)
Corporate expenses	(4,262)
Operating income reported on quarterly statements of income	6,810

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**

Since the first quarter of the consolidated fiscal year under review, the Group has changed the method by which it categorizes its reportable segments. For more detailed information, please see the "3. Matters associated with changes in reportable segments" in the section [2] Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012).

Segment information for the third 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 third 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 third quarter of the previous fiscal year is created in accordance with the reportable segments for the third quarter under review, external sales in the Industrial Business are ¥30,408 million, and external sales in "Other" business are ¥2,477 million.

### **4. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment**

#### **Material change in the goodwill amount**

In the Business Technologies Business, the shares of Charterhouse PM Limited were acquired and the company was made into a subsidiary. Although it is a provisional amount as the allocation of expenditures to acquisition cost has not been completed, the increase in goodwill as a result of events during the first three quarters of the fiscal year under review was ¥7,415 million.

In addition, in the Industrial Business, the equity interest of Instrument Systems GmbH was acquired and the company was made into a subsidiary. Although it is a provisional amount as the allocation of expenditures to acquisition cost has not been completed, the increase in goodwill as a result of events during the first three quarters of the fiscal year under review was ¥3,819 million.