

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets Three months ended June 30, 2012 and 2013

	March 31, 2013	[Millions of yen] June 30, 2013
Assets		
Current assets		
Cash and deposits	93,413	85,570
Notes and accounts receivable-trade	194,038	188,899
Lease receivables and investment assets	16,007	17,338
Securities	120,501	130,001
Inventories	112,479	112,763
Deferred tax assets	20,259	21,132
Accounts receivable-other	12,602	12,223
Other	14,860	16,015
Allowance for doubtful accounts	(4,568)	(4,872)
Total current assets	579,593	579,073
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,601	68,408
Machinery, equipment and vehicles, net	33,900	33,632
Tools, furniture and fixtures, net	24,584	25,402
Land	34,013	34,206
Lease assets, net	480	490
Construction in progress	6,969	11,633
Assets for rent, net	11,354	11,600
Total property, plant and equipment	179,903	185,375
Intangible assets		
Goodwill	69,465	68,070
Other	41,472	42,175
Total intangible assets	110,937	110,245
Investments and other assets		
Investment securities	23,236	22,927
Long-term loans receivable	126	124
Long-term prepaid expenses	2,387	2,338
Deferred tax assets	33,000	41,387
Other	12,735	12,653
Allowance for doubtful accounts	(1,366)	(1,402)
Total investments and other assets	70,118	78,029
Total noncurrent assets	360,960	373,650
Total assets	940,553	952,724

	March 31, 2013	[Millions of yen] June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,424	82,030
Short-term loans payable	67,398	59,849
Current portion of long-term loans payable	23,990	29,013
Accounts payable-other	32,462	33,620
Accrued expenses	28,993	28,958
Income taxes payable	7,376	6,631
Provision for bonuses	10,841	6,055
Provision for directors' bonuses	229	109
Provision for product warranties	1,199	1,188
Notes payable-facilities	975	1,170
Asset retirement obligations	33	26
Other	23,745	24,413
Total current liabilities	282,671	273,069
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	63,507	69,046
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	43,754	43,947
Provision for directors' retirement benefits	282	228
Asset retirement obligations	981	1,008
Other	9,669	10,059
Total noncurrent liabilities	191,465	197,560
Total liabilities	474,136	470,629
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	229,713	235,686
Treasury stock	(1,548)	(1,548)
Total shareholders' equity	469,825	475,797
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,345	3,222
Deferred gains or losses on hedges	2	2
Foreign currency translation adjustment	(8,268)	1,476
Total accumulated other comprehensive income	(4,920)	4,702
Subscription rights to shares	764	799
Minority interests	747	795
Total net assets	466,416	482,094
Total liabilities and net assets	940,553	952,724

**(2) Consolidated Quarterly Statements of Income
and Consolidated Quarterly Statements of Comprehensive Income**
Consolidated Quarterly Statements of Income
Three months ended June 30, 2012 and 2013

	April-June 2012	[Millions of yen] April-June 2013
Net sales	189,373	218,543
Cost of sales	103,104	116,206
Gross profit	86,268	102,336
Selling, general and administrative expenses	79,928	94,517
Operating income	6,339	7,818
Non-operating income		
Interest income	243	335
Dividends income	223	244
Equity in earnings of affiliates	19	—
Other	840	803
Total non-operating income	1,327	1,383
Non-operating expenses		
Interest expenses	566	666
Equity in losses of affiliates	—	42
Foreign exchange losses	999	367
Other	1,314	1,074
Total non-operating expenses	2,880	2,151
Ordinary income	4,786	7,050
Extraordinary income		
Gain on sales of noncurrent assets	48	22
Gain on sales of investment securities	0	58
Total extraordinary income	49	80
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	759	298
Loss on valuation of investment securities	65	47
Impairment loss	28	35
Business structure improvement expenses	—	607
Group restructuring expenses	—	101
Total extraordinary losses	853	1,091
Income before income taxes and minority interests	3,983	6,039
Income taxes	3,835	(3,717)
Income before minority interests	147	9,757
Minority interests in income	(7)	(16)
Net income	154	9,774

Consolidated Quarterly Statements of Comprehensive Income
Three months ended June 30, 2012 and 2013

	April-June 2012	[Millions of yen] April-June 2013
Income before minority interests	147	9,757
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,896)	(124)
Deferred gains or losses on hedges	437	0
Foreign currency translation adjustment	(8,725)	9,810
Share of other comprehensive income of associates accounted for using equity method	3	1
Total other comprehensive income	(10,181)	9,687
Comprehensive income	(10,033)	19,445
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(10,076)	19,397
Comprehensive income attributable to minority interests	42	47

(3) Consolidated Quarterly Statements of Cash Flow
Three months ended June 30, 2012 and 2013

	April-June 2012	[Millions of yen] April-June 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,983	6,039
Depreciation and amortization	10,715	11,615
Impairment loss	28	35
Amortization of goodwill	2,301	2,852
Interest and dividends income	(466)	(579)
Interest expenses	566	666
Loss (gain) on sales and retirement of noncurrent assets	710	276
Loss (gain) on sales and valuation of investment securities	64	(10)
Increase (decrease) in provision for bonuses	(5,260)	(4,897)
Increase (decrease) in provision for retirement benefits	889	727
Decrease (increase) in notes and accounts receivable-trade	1,198	15,383
Decrease (increase) in inventories	(8,747)	4,905
Increase (decrease) in notes and accounts payable-trade	4,369	(10,633)
Transfer of assets for rent	(1,493)	(1,127)
Decrease (increase) in prepaid expenses	(2,065)	(2,336)
Decrease (increase) in accounts receivable-other	1,215	854
Increase (decrease) in accounts payable-other and accrued expenses	(3,369)	(2,663)
Increase (decrease) in deposits received	2,829	2,703
Decrease/increase in consumption taxes receivable/payable	130	952
Other, net	(4,022)	(4,095)
Subtotal	3,576	20,670
Interest and dividends income received	491	538
Interest expenses paid	(749)	(726)
Income taxes (paid) refund	(4,181)	(5,563)
Net cash provided by (used in) operating activities	(862)	14,919
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(7,298)	(7,501)
Proceeds from sales of property, plant and equipment	165	99
Purchase of intangible assets	(1,656)	(1,978)
Payments for transfer of business	(112)	(872)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,413)	—
Payments of loans receivable	(153)	(36)
Collection of loans receivable	11	68
Purchase of investment securities	(302)	(761)
Proceeds from sales of investment securities	6	337
Purchase of investments in subsidiaries	(120)	—
Payments of valuation of other investments	(776)	(1,032)
Other, net	218	137
Net cash provided by (used in) investing activities	(15,431)	(11,539)

	April-June 2012	[Millions of yen] April-June 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	14,664	(9,607)
Proceeds from long-term loans payable	4	10,547
Repayment of long-term loans payable	(11,000)	(28)
Repayments of lease obligations	(327)	(491)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock	(3)	(4)
Cash dividends paid	(3,828)	(3,847)
Net cash provided by (used in) financing activities	(489)	(3,432)
Effect of exchange rate change on cash and cash	196	1,052
Net increase (decrease) in cash and cash equivalents	(16,587)	1,000
Cash and cash equivalents at beginning of period	231,933	213,914
Increase in cash and cash equivalents from newly consolidated subsidiary	—	657
Cash and cash equivalents at end of period	215,346	215,572

(4) Notes Regarding Going Concern Assumptions

None.

(5) Notes Regarding Significant Change in Shareholders' Equity

None

(6) Segment Information**[I] Three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)****1. Information about Segment Sales and Income (Loss)**

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	130,349	40,584	15,807	186,740	2,632	189,373
Intersegment	478	587	727	1,793	13,414	15,208
Total	130,827	41,172	16,534	188,534	16,047	204,581
Segment incomes (losses)	3,038	8,168	(157)	11,048	810	11,859

Note: "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)

Item	[Millions of yen]
	Amount
Total operating income of reportable segments	11,048
Operating income categorized in "Other"	810
Intersegment – eliminations	(1,454)
Corporate expenses*	(4,065)
Operating income reported on quarterly statements of income	6,339

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

[II] Three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)**1. Information about Segment Sales and Income (Loss)**

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	167,582	31,002	16,257	214,842	3,700	218,543
Intersegment	478	1,335	15	1,828	6,124	7,952
Total	168,060	32,337	16,272	216,671	9,824	226,495
Segment incomes	9,658	4,275	65	14,000	412	14,412

Note: "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)

Item	[Millions of yen]
	Amount
Total operating income of reportable segments	14,000
Operating income categorized in "Other"	412
Intersegment – eliminations	(903)
Corporate expenses*	(5,690)
Operating income reported on quarterly statements of income	7,818

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