

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets December 31, 2013 and March 31, 2013

	March 31, 2013	December 31, 2013
[Millions of yen]		
Assets		
Current assets		
Cash and deposits	93,413	92,821
Notes and accounts receivable-trade	194,038	201,861
Lease receivables and investment assets	16,007	20,620
Securities	120,501	128,502
Inventories	112,479	129,912
Deferred tax assets	20,259	21,720
Accounts receivable-other	12,602	13,927
Other	14,860	16,082
Allowance for doubtful accounts	(4,568)	(5,256)
Total current assets	579,593	620,192
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,601	63,412
Machinery, equipment and vehicles, net	33,900	24,581
Tools, furniture and fixtures, net	24,584	25,952
Land	34,013	34,551
Lease assets, net	480	584
Construction in progress	6,969	13,838
Assets for rent, net	11,354	12,195
Total property, plant and equipment	179,903	175,117
Intangible assets		
Goodwill	69,465	67,345
Other	41,472	45,716
Total intangible assets	110,937	113,061
Investments and other assets		
Investment securities	23,236	27,629
Long-term loans receivable	126	94
Long-term prepaid expenses	2,387	2,794
Deferred tax assets	33,000	46,532
Other	12,735	13,345
Allowance for doubtful accounts	(1,366)	(1,084)
Total investments and other assets	70,118	89,311
Total noncurrent assets	360,960	377,490
Total assets	940,553	997,683

	March 31, 2013	December 31, 2013
[Millions of yen]		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,424	91,587
Short-term loans payable	67,398	55,336
Current portion of long-term loans payable	23,990	28,025
Accounts payable-other	32,462	35,937
Accrued expenses	28,993	34,162
Income taxes payable	7,376	13,267
Provision for bonuses	10,841	7,189
Provision for directors' bonuses	229	184
Provision for product warranties	1,199	1,356
Provision for discontinued operations	—	1,078
Notes payable-facilities	975	745
Asset retirement obligations	33	28
Other	23,745	28,967
Total current liabilities	282,671	297,865
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	63,507	69,565
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	43,754	46,244
Provision for directors' retirement benefits	282	241
Asset retirement obligations	981	1,012
Other	9,669	10,864
Total noncurrent liabilities	191,465	201,199
Total liabilities	474,136	499,064
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	229,713	231,410
Treasury stock	(1,548)	(1,549)
Total shareholders' equity	469,825	471,521
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,345	5,627
Deferred gains or losses on hedges	2	(129)
Foreign currency translation adjustment	(8,268)	19,866
Total accumulated other comprehensive income	(4,920)	25,365
Subscription rights to shares	764	866
Minority interests	747	865
Total net assets	466,416	498,618
Total liabilities and net assets	940,553	997,683

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income
Consolidated Quarterly Statements of Income
Nine months ended December 31, 2012 and 2013

	[Millions of yen]	
	April-December, 2012	April-December, 2013
Net sales	577,727	682,876
Cost of sales	307,947	355,124
Gross profit	269,779	327,751
Selling, general and administrative expenses	242,688	288,846
Operating income	27,090	38,905
Non-operating income		
Interest income	759	1,129
Dividends income	410	465
Equity in earnings of affiliates	55	-
Foreign exchange gains	666	31
Other	2,603	2,549
Total non-operating income	4,496	4,175
Non-operating expenses		
Interest expenses	1,816	2,086
Equity in losses of affiliates	-	1,164
Other	3,653	3,092
Total non-operating expenses	5,469	6,343
Ordinary income	26,117	36,736
Extraordinary income		
Gain on sales of noncurrent assets	153	392
Gain on sales of investment securities	34	69
Other	25	-
Total extraordinary income	213	462
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,462	1,831
Loss on valuation of investment securities	52	47
Impairment loss	1,481	383
Business structure improvement expenses	379	1,513
Loss on business withdrawal	-	16,368
Special extra retirement payments	-	3,018
Group restructuring expenses	39	118
Total extraordinary losses	3,415	23,281
Income before income taxes and minority interests	22,914	13,916
Income taxes	12,593	3,032
Income before minority interests	10,321	10,884
Minority interests in income	4	72
Net income	10,317	10,811

Consolidated Quarterly Statements of Comprehensive Income
Nine months ended December 31, 2012 and 2013

	[Millions of yen]	
	April-December, 2012	April-December, 2013
Income before minority interests	10,321	10,884
Other comprehensive income		
Valuation difference on available-for-sale securities	(675)	2,279
Deferred gains or losses on hedges	(428)	(131)
Foreign currency translation adjustment	8,297	28,183
Share of other comprehensive income of associates accounted for using equity method	5	2
Total other comprehensive income	7,198	30,334
Comprehensive income	17,520	41,218
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,553	41,097
Comprehensive income attributable to minority interests	(32)	120

Consolidated Quarterly Statements of Income
Three months ended December 31, 2012 and 2013

[Millions of yen]

	October-December, 2012	October-December, 2013
Net sales	193,909	232,421
Cost of sales	104,140	118,696
Gross profit	89,768	113,725
Selling, general and administrative expenses	82,957	99,000
Operating income	6,810	14,724
Non-operating income		
Interest income	234	439
Dividends income	173	195
Equity in earnings of affiliates	32	—
Foreign exchange gains	1,661	580
Other	721	879
Total non-operating income	2,823	2,096
Non-operating expenses		
Interest expenses	627	694
Equity in losses of affiliates	—	87
Other	1,139	800
Total non-operating expenses	1,767	1,583
Ordinary income	7,867	15,237
Extraordinary income		
Gain on sales of noncurrent assets	43	258
Gain on reversal of loss on valuation of investment securities	258	—
Estimated difference in loss on business withdrawal	—	441
Total extraordinary income	301	699
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	297	1,116
Loss on valuation of investment securities	—	2
Impairment loss	19	254
Business structure improvement expenses	—	712
Group restructuring expenses	39	—
Total extraordinary losses	356	2,085
Income before income taxes and minority interests	7,812	13,851
Income taxes	5,106	8,557
Income before minority interests	2,705	5,293
Minority interests in income (loss)	(2)	40
Net income	2,707	5,253

Consolidated Quarterly Statements of Comprehensive Income
Three months ended December 31, 2012 and 2013

	[Millions of yen]	
	October-December, 2012	October-December, 2013
Income before minority interests	2,705	5,293
Other comprehensive income		
Valuation difference on available-for-sale securities	870	768
Deferred gains or losses on hedges	(806)	(144)
Foreign currency translation adjustment	18,118	16,758
Share of other comprehensive income of associates accounted for using equity method	3	1
Total other comprehensive income	18,185	17,384
Comprehensive income	20,891	22,678
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	20,907	22,624
Comprehensive income attributable to minority interests	(16)	53

(3) Consolidated Quarterly Statements of Cash Flows
Nine months ended December 31, 2012 and 2013

	[Millions of yen]	
	April-December, 2012	April-December, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	22,914	13,916
Depreciation and amortization	33,276	35,126
Impairment loss	1,481	12,915
Amortization of goodwill	7,071	7,190
Interest and dividends income	(1,169)	(1,594)
Interest expenses	1,816	2,086
Loss (gain) on sales and retirement of noncurrent assets	1,309	1,438
Loss (gain) on sales and valuation of investment securities	17	(22)
Increase (decrease) in provision for bonuses	(4,902)	(3,956)
Increase (decrease) in provision for retirement benefits	2,589	1,977
Increase (decrease) in provision for discontinued operations	-	1,078
Decrease (increase) in notes and accounts receivable-trade	10,705	21,881
Decrease (increase) in inventories	(10,583)	(3,114)
Increase (decrease) in notes and accounts payable-trade	(17,205)	(15,358)
Transfer of assets for rent	(4,044)	(3,648)
Decrease (increase) in accounts receivable-other	2,485	(1,244)
Increase (decrease) in accounts payable-other and accrued expenses	(912)	2,947
Increase (decrease) in deposits received	1,457	1,480
Decrease/increase in consumption taxes receivable/payable	(605)	832
Other, net	917	(1,207)
Subtotal	46,620	72,724
Interest and dividends income received	1,198	1,575
Interest expenses paid	(1,949)	(2,163)
Income taxes (paid) refund	(10,277)	(10,239)
Net cash provided by (used in) operating activities	35,591	61,896
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(21,182)	(26,175)
Proceeds from sales of property, plant and equipment	419	1,643
Purchase of intangible assets	(4,757)	(5,863)
Payments for transfer of business	(1,838)	(960)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(9,321)	(903)
Purchase of investments in subsidiaries' equity resulting in change in scope of consolidation	(7,109)	(616)
Purchase of additional investments in consolidated subsidiaries' equity	-	(849)
Payments of loans receivable	(289)	(301)
Collection of loans receivable	60	119
Purchase of investment securities	(340)	(2,867)
Proceeds from sales of investment securities	176	383
Purchase of investments in subsidiaries	(1,296)	-
Payments of valuation of other investments	(4,492)	(3,217)
Other, net	644	1,495
Net cash provided by (used in) investing activities	(49,325)	(38,113)

	[Millions of yen]	
	April-December, 2012	April-December, 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	31,998	(17,963)
Proceeds from long-term loans payable	55	10,776
Repayment of long-term loans payable	(11,004)	(1,038)
Redemption of bonds	(39,950)	-
Repayments of lease obligations	(1,085)	(1,641)
Proceeds from sales of treasury stock	1	0
Purchase of treasury stock	(6)	(27)
Cash dividends paid	(7,822)	(9,130)
Net cash provided by (used in) financing activities	(27,814)	(19,025)
Effect of exchange rate change on cash and cash equivalents	1,070	1,983
Net increase (decrease) in cash and cash equivalents	(40,477)	6,739
Cash and cash equivalents at beginning of period	231,933	213,914
Increase in cash and cash equivalents from newly consolidated subsidiary	-	669
Cash and cash equivalents at end of period	191,455	221,324

(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, 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

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)

[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

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

3. 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.

[2] Nine Months Ended December 31, 2013 (From April 1, 2013 to December 31, 2013)

1. Information about Segment Sales and Income (Loss)

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	526,211	90,360	55,177	671,749	11,126	682,876
Intersegment	1,400	2,652	100	4,153	15,102	19,256
Total	527,612	93,012	55,278	675,903	26,228	702,132
Segment incomes	43,527	12,382	2,341	58,251	2,165	60,417

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	58,251
Operating income categorized in "Other"	2,165
Intersegment – eliminations	(4,101)
Corporate expenses*	(17,411)
Operating income reported on quarterly statements of income	38,905

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

3. Information Relating to Impairment Loss of Noncurrent Assets and Goodwill by Reportable Segment

Significant Impairment Loss on Noncurrent Assets

An impairment loss was posted because the recoverable amount for business assets in the Industrial Business segment fell below the book value. The impairment loss posted during the first three quarters of the consolidated fiscal year under review was ¥12,531 million for the Industrial Business segment and was included in the loss on business withdrawal.

[3] 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

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)

[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

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

3. 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.

[4] Three Months Ended December 31, 2013 (From October 1, 2013 to December 31, 2013)**1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	181,377	27,878	19,193	228,449	3,972	232,421
Intersegment	420	638	45	1,104	4,246	5,351
Total	181,797	28,516	19,239	229,553	8,219	237,772
Segment incomes	17,476	3,408	435	21,320	1,071	22,391

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)

[Millions of yen]

Item	Amount
Total operating income of reportable segments	21,320
Operating income categorized in "Other"	1,071
Intersegment – eliminations	(1,519)
Corporate expenses*	(6,147)
Operating income reported on quarterly statements of income	14,724

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

(7) Important Subsequent Events

At the Board of Directors Meeting held on January 30, 2014, the Company approved the acquisition of its own shares based on Article 156 of the Company Law, which is applicable in accordance with Article 165, Paragraph 3 of the same law.

1. Reason for Acquisition of Own Shares

The Company decided to acquire its own shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Details of Items Related to Acquisition

- (1) Type of stock to be acquired: Common stock
- (2) Number of shares to be acquired: Limited to 20 million
(3.8% of the total number of outstanding shares (excluding treasury stock))
- (3) Total value of stock to be acquired: Limited to ¥20 billion
- (4) Acquisition period: January 31, 2014 to April 30, 2014

(Reference) Treasury stock held as of December 31, 2013

Total number of outstanding shares (excluding treasury stock): 530,310,005

Total number of treasury stock: 1,354,332