

3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(1) Consolidated Quarterly Balance Sheets

September 30, 2013 and March 31, 2013

[Millions of yen]

	March 31, 2013	September 30, 2013
Assets		
Current assets		
Cash and deposits	93,413	90,058
Notes and accounts receivable-trade	194,038	189,477
Lease receivables and investment assets	16,007	18,793
Securities	120,501	144,003
Inventories	112,479	111,272
Deferred tax assets	20,259	21,242
Accounts receivable-other	12,602	11,011
Other	14,860	15,464
Allowance for doubtful accounts	(4,568)	(4,758)
Total current assets	579,593	596,565
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,601	63,194
Machinery, equipment and vehicles, net	33,900	25,900
Tools, furniture and fixtures, net	24,584	25,898
Land	34,013	33,976
Lease assets, net	480	642
Construction in progress	6,969	9,617
Assets for rent, net	11,354	11,597
Total property, plant and equipment	179,903	170,826
Intangible assets		
Goodwill	69,465	66,329
Other	41,472	42,454
Total intangible assets	110,937	108,783
Investments and other assets		
Investment securities	23,236	24,882
Long-term loans receivable	126	102
Long-term prepaid expenses	2,387	2,270
Deferred tax assets	33,000	46,925
Other	12,735	11,955
Allowance for doubtful accounts	(1,366)	(1,385)
Total investments and other assets	70,118	84,750
Total noncurrent assets	360,960	364,361
Total assets	940,553	960,926

[Millions of yen]

March 31, 2013

September 30, 2013

	March 31, 2013	September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	85,424	80,697
Short-term loans payable	67,398	56,329
Current portion of long-term loans payable	23,990	29,001
Accounts payable-other	32,462	38,814
Accrued expenses	28,993	30,213
Income taxes payable	7,376	9,802
Provision for bonuses	10,841	11,113
Provision for directors' bonuses	229	135
Provision for product warranties	1,199	1,241
Provision for discontinued operations	—	1,552
Notes payable-facilities	975	625
Asset retirement obligations	33	28
Other	23,745	21,897
Total current liabilities	282,671	281,454
Noncurrent liabilities		
Bonds payable	70,000	70,000
Long-term loans payable	63,507	68,981
Deferred tax liabilities for land revaluation	3,269	3,269
Provision for retirement benefits	43,754	44,407
Provision for directors' retirement benefits	282	238
Asset retirement obligations	981	1,010
Other	9,669	10,352
Total noncurrent liabilities	191,465	198,260
Total liabilities	474,136	479,714
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	229,713	231,460
Treasury stock	(1,548)	(1,533)
Total shareholders' equity	469,825	471,587
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,345	4,857
Deferred gains or losses on hedges	2	15
Foreign currency translation adjustment	(8,268)	3,120
Total accumulated other comprehensive income	(4,920)	7,993
Subscription rights to shares	764	818
Minority interests	747	811
Total net assets	466,416	481,211
Total liabilities and net assets	940,553	960,926

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

**Consolidated Quarterly Statements of Income
Six months ended September 30, 2012 and 2013**

[Millions of yen]

	April-September 2012	April-September 2013
Net sales	383,818	450,454
Cost of sales	203,807	236,428
Gross profit	180,010	214,026
Selling, general and administrative expenses	159,731	189,845
Operating income	20,279	24,180
Non-operating income		
Interest income	525	689
Dividends income	236	269
Equity in earnings of affiliates	22	—
Other	1,882	1,669
Total non-operating income	2,667	2,628
Non-operating expenses		
Interest expenses	1,189	1,392
Equity in losses of affiliates	—	1,076
Foreign exchange losses	994	549
Other	2,513	2,291
Total non-operating expenses	4,697	5,309
Ordinary income	18,250	21,498
Extraordinary income		
Gain on sales of noncurrent assets	110	134
Gain on sales of investment securities	34	69
Other	25	—
Total extraordinary income	170	203
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,165	714
Loss on valuation of investment securities	310	44
Impairment loss	1,462	129
Business structure improvement expenses	379	801
Loss on business withdrawal	—	16,809
Special extra retirement payments	—	3,018
Group restructuring expenses	—	118
Total extraordinary losses	3,317	21,637
Income before income taxes and minority interests	15,102	65
Income taxes	7,486	(5,524)
Income before minority interests	7,615	5,590
Minority interests in income	6	32
Net income	7,609	5,558

Consolidated Quarterly Statements of Comprehensive Income
Six months ended September 30, 2012 and 2013

[Millions of yen]

	April-September 2012	April-September 2013
Income before minority interests	7,615	5,590
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,545)	1,511
Deferred gains or losses on hedges	377	12
Foreign currency translation adjustment	(9,820)	11,424
Share of other comprehensive income of associates accounted for using equity method	2	0
Total other comprehensive income	(10,987)	12,949
Comprehensive income	(3,371)	18,540
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(3,354)	18,472
Comprehensive income attributable to minority interests	(16)	67

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

[Millions of yen]

	July-September 2012	July-September 2013
Net sales	194,444	231,911
Cost of sales	100,702	120,222
Gross profit	93,742	111,689
Selling, general and administrative expenses	79,802	95,327
Operating income	13,939	16,361
Non-operating income		
Interest income	282	354
Dividends income	13	25
Equity in earnings of affiliates	2	—
Foreign exchange gains	4	—
Other	1,042	866
Total non-operating income	1,345	1,245
Non-operating expenses		
Interest expenses	622	725
Equity in losses of affiliates	—	1,034
Foreign exchange losses	—	181
Other	1,199	1,217
Total non-operating expenses	1,822	3,158
Ordinary income	13,463	14,448
Extraordinary income		
Gain on sales of noncurrent assets	61	111
Gain on sales of investment securities	34	10
Other	34	3
Total extraordinary income	130	126
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	405	415
Loss on valuation of investment securities	254	0
Impairment loss	1,433	93
Business structure improvement expenses	379	194
Loss on business withdrawal	—	16,809
Special extra retirement payments	—	3,018
Group restructuring expenses	—	17
Total extraordinary losses	2,473	20,549
Income before income taxes and minority interests	11,119	(5,974)
Income taxes	3,651	(1,806)
Income before minority interests	7,468	(4,167)
Minority interests in income	13	48
Net income	7,454	(4,216)

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

[Millions of yen]

	July-September 2012	July-September 2013
Income before minority interests	7,468	(4,167)
Other comprehensive income		
Valuation difference on available-for-sale securities	350	1,635
Deferred gains or losses on hedges	(60)	12
Foreign currency translation adjustment	(1,095)	1,614
Share of other comprehensive income of associates accounted for using equity method	(0)	(0)
Total other comprehensive income	(805)	3,262
Comprehensive income	6,662	(905)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,722	(924)
Comprehensive income attributable to minority interests	(59)	19

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

[Millions of yen]

	April-September 2012	April-September 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	15,102	65
Depreciation and amortization	21,726	23,547
Impairment loss	1,462	12,661
Amortization of goodwill	4,718	4,995
Interest and dividends income	(762)	(959)
Interest expenses	1,189	1,392
Loss (gain) on sales and retirement of noncurrent assets	1,054	580
Loss (gain) on sales and valuation of investment securities	275	(24)
Increase (decrease) in provision for retirement benefits	1,717	1,051
Increase (decrease) in provision for discontinued operations	—	1,552
Decrease (increase) in notes and accounts receivable-trade	(320)	16,446
Decrease (increase) in inventories	(10,110)	7,077
Increase (decrease) in notes and accounts payable-trade	(5,074)	(13,747)
Transfer of assets for rent	(3,015)	(2,473)
Decrease (increase) in accounts receivable-other	1,990	538
Increase (decrease) in accounts payable-other and accrued expenses	(2,350)	3,439
Decrease/increase in consumption taxes receivable/payable	(202)	716
Other, net	(3,402)	(4,932)
Subtotal	23,998	51,925
Interest and dividends income received	786	924
Interest expenses paid	(1,272)	(1,404)
Income taxes (paid) refund	(6,069)	(5,445)
Net cash provided by (used in) operating activities	17,441	46,000
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(14,824)	(13,616)
Proceeds from sales of property, plant and equipment	434	421
Purchase of intangible assets	(3,130)	(4,243)
Payments for transfer of business	(845)	(960)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(5,596)	—
Payments of loans receivable	(262)	(68)
Collection of loans receivable	20	94
Purchase of investment securities	(303)	(763)
Proceeds from sales of investment securities	176	383
Purchase of investments in subsidiaries	(1,296)	(655)
Payments of valuation of other investments	(1,565)	(649)
Other, net	208	410
Net cash provided by (used in) investing activities	(26,984)	(19,647)

[Millions of yen]

	April-September 2012	April-September 2013
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	22,153	(13,491)
Proceeds from long-term loans payable	4	10,420
Repayment of long-term loans payable	(11,004)	(33)
Repayments of lease obligations	(788)	(1,067)
Proceeds from sales of treasury stock	0	0
Purchase of treasury stock	(4)	(10)
Cash dividends paid	(3,978)	(3,977)
Net cash provided by (used in) financing activities	6,383	(8,159)
Effect of exchange rate change on cash and cash equivalents	63	1,284
Net increase (decrease) in cash and cash equivalents	(3,096)	19,477
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	228,836	234,061

(4) Notes regarding Going Concern Assumptions

None

(5) Notes regarding Significant Change in Shareholders' Equity

None

(6) Segment Information**[1] Six Months Ended September 30, 2012 (From April 1, 2012 to September 30, 2012)****1. Information about Segment Sales and Income (Loss)**

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	264,957	79,400	33,875	378,233	5,584	383,818
Intersegment	967	1,167	1,260	3,395	26,043	29,438
Total	265,925	80,568	35,135	381,629	31,627	413,257
Segment income	13,043	15,607	1,158	29,808	1,940	31,748

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	29,808
Operating income categorized in "Other"	1,940
Intersegment – eliminations	(3,533)
Corporate expenses*	(7,935)
Operating income reported on quarterly statements of income	20,279

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 and Healthcare Business segment fell below the book value. The impairment loss posted during the first half of the consolidated fiscal year under review was ¥365 million for the Industrial Business segment and ¥1,048 million for the Healthcare Business segment.

[2] Six Months Ended September 30, 2013 (From April 1, 2013 to September 30, 2013)**1. Information about Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	344,834	62,482	35,984	443,300	7,154	450,454
Intersegment	980	2,013	55	3,049	10,855	13,904
Total	345,814	64,495	36,039	446,349	18,009	464,359
Segment income	26,051	8,973	1,906	36,931	1,094	38,025

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	36,931
Operating income categorized in "Other"	1,094
Intersegment – eliminations	(2,581)
Corporate expenses*	(11,263)
Operating income reported on quarterly statements of income	24,180

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 half of the consolidated fiscal year under review was ¥12,531 million for the Industrial Business segment.

[3] Three Months Ended September 30, 2012 (From July 1, 2012 to September 30, 2012)
1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	134,608	38,816	18,068	191,493	2,951	194,444
Intersegment	489	580	532	1,601	12,628	14,230
Total	135,098	39,396	18,600	193,095	15,580	208,675
Segment income	10,004	7,438	1,316	18,759	1,129	19,889

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	18,759
Operating income categorized in "Other"	1,129
Intersegment – eliminations	(2,079)
Corporate expenses*	(3,869)
Operating income reported on quarterly statements of income	13,939

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 and Healthcare Business segment fell below the book value. The impairment loss posted during the first half of the consolidated fiscal year under review was ¥365 million for the Industrial Business segment and ¥1,048 million for the Healthcare Business segment.

[4] Three Months Ended September 30, 2013 (From July 1, 2013 to September 30, 2013)
1. Information about Segment Sales and Income (Loss)

[Millions of yen]

	Reportable Segment				Other*	Total
	Business Technologies	Industrial Business	Healthcare	Total		
Sales						
External	177,251	31,479	19,726	228,457	3,453	231,911
Intersegment	502	678	40	1,221	4,731	5,952
Total	177,754	32,158	19,766	229,678	8,184	237,863
Segment income	16,392	4,697	1,840	22,931	682	23,613

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	22,931
Operating income categorized in "Other"	682
Intersegment – eliminations	(1,678)
Corporate expenses*	(5,573)
Operating income reported on quarterly statements of income	16,361

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 second quarter of the consolidated fiscal year under review was ¥12,531 million for the Industrial Business segment.