

### 3. CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

#### (1) Consolidated Quarterly Balance Sheets December 31, 2014 and March 31, 2014

[Millions of yen]

	Mar 31, 2014	Dec 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	95,490	97,519
Notes and accounts receivable - trade	220,120	221,142
Lease receivables and investment assets	21,211	24,457
Securities	92,999	73,010
Inventories	115,275	134,660
Deferred tax assets	18,806	19,986
Accounts receivable - other	14,636	12,093
Other	16,435	18,592
Allowance for doubtful accounts	(5,643)	(6,551)
<b>Total current assets</b>	<b>589,331</b>	<b>594,911</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	61,441	69,730
Machinery, equipment and vehicles, net	23,542	30,447
Tools, furniture and fixtures, net	27,058	27,944
Land	34,310	34,415
Lease assets, net	521	438
Construction in progress	13,819	3,958
Assets for rent, net	12,668	13,992
<b>Total property, plant and equipment</b>	<b>173,362</b>	<b>180,927</b>
Intangible assets		
Goodwill	65,734	66,065
Other	45,627	48,959
<b>Total intangible assets</b>	<b>111,362</b>	<b>115,024</b>
Investments and other assets		
Investment securities	29,256	34,966
Long-term loans receivable	83	97
Long-term prepaid expenses	3,230	4,356
Deferred tax assets	48,040	49,420
Other	12,277	12,824
Allowance for doubtful accounts	(883)	(871)
<b>Total investments and other assets</b>	<b>92,003</b>	<b>100,793</b>
<b>Total noncurrent assets</b>	<b>376,729</b>	<b>396,746</b>
<b>Total assets</b>	<b>966,060</b>	<b>991,657</b>

[Millions of yen]

Mar 31, 2014

Dec 31, 2014

	Mar 31, 2014	Dec 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	96,240	97,698
Short-term loans payable	37,078	20,445
Current portion of bonds	—	20,000
Current portion of long-term loans payable	27,003	27,001
Accounts payable - other	39,824	38,290
Accrued expenses	34,509	39,257
Income taxes payable	5,652	13,390
Provision for bonuses	13,007	7,408
Provision for directors' bonuses	244	171
Provision for product warranties	1,441	1,515
Provision for discontinued operations	195	0
Notes payable - facilities	1,185	1,426
Asset retirement obligations	256	225
Other	28,580	34,564
Total current liabilities	285,220	301,397
Noncurrent liabilities		
Bonds payable	70,000	50,000
Long-term loans payable	62,042	57,571
Deferred tax liabilities for land revaluation	3,269	3,214
Provision for directors' retirement benefits	237	125
Net defined benefit liability	53,563	66,318
Asset retirement obligations	1,012	976
Other	10,658	11,753
Total non-current liabilities	200,785	189,959
Total liabilities	486,005	491,357
<b>Net assets</b>		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	242,460	227,837
Treasury shares	(17,322)	(10,751)
Total shareholders' equity	466,797	458,745
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,086	7,888
Deferred gains or losses on hedges	(38)	(67)
Foreign currency translation adjustment	15,055	39,585
Remeasurements of defined benefit plans	(8,497)	(7,891)
Total accumulated other comprehensive income	11,607	39,515
Subscription rights to shares	910	993
Minority interests	740	1,045
Total net assets	480,055	500,300
<b>Total liabilities and net assets</b>	<b>966,060</b>	<b>991,657</b>

**(2) Consolidated Quarterly Statements of Income  
and Consolidated Quarterly Statements of Comprehensive Income**  
Consolidated Quarterly Statements of Income  
Nine months ended December 31, 2013 and 2014

[Millions of yen]

	Apr-Dec 2013	Apr-Dec 2014
Net sales	682,876	733,867
Cost of sales	355,124	370,703
Gross profit	327,751	363,164
Selling, general and administrative expenses	288,846	317,755
Operating income	38,905	45,409
Non-operating income		
Interest income	1,129	1,222
Dividends income	465	829
Foreign exchange gains	31	1,533
Other	2,549	2,533
Total non-operating income	4,175	6,118
Non-operating expenses		
Interest expenses	2,086	1,942
Share of loss of entities accounted for using equity method	1,164	25
Loss on disposal of trial products for mass-production	—	844
Other	3,092	4,902
Total non-operating expenses	6,343	7,714
Ordinary income	36,736	43,812
Extraordinary income		
Gain on sales of non-current assets	392	1,743
Gain on sales of investment securities	69	2
Total extraordinary income	462	1,746
Extraordinary losses		
Loss on sales and retirement of non-current assets	1,831	831
Loss on sales of shares of subsidiaries and associates	—	67
Loss on valuation of investment securities	47	0
Impairment loss	383	2,786
Business structure improvement expenses	1,513	701
Loss on business withdrawal	16,368	—
Special extra retirement payments	3,018	—
Group restructuring expenses	118	—
Total extraordinary losses	23,281	4,386
Income before income taxes and minority interests	13,916	41,172
Income taxes	3,032	19,178
Income before minority interests	10,884	21,994
Minority interests in income	72	7
Net income	10,811	21,986

**Consolidated Quarterly Statements of Income**  
**Three months ended December 31, 2013 and 2014**

[Millions of yen]

	Oct-Dec 2013	Oct-Dec 2014
Net sales	232,421	255,303
Cost of sales	118,696	129,138
Gross profit	113,725	126,164
Selling, general and administrative expenses	99,000	109,929
Operating income	14,724	16,235
Non-operating income		
Interest income	439	436
Dividend income	195	233
Foreign exchange gains	580	763
Other	879	562
Total non-operating income	2,096	1,995
Non-operating expenses		
Interest expenses	694	735
Share of loss of entities accounted for using equity method	87	21
Loss on disposal of trial products for mass-production	—	850
Other	800	1,478
Total non-operating expenses	1,583	3,085
Ordinary income	15,237	15,145
Extraordinary income		
Gain on sales of non-current assets	258	187
Gain on sales of investment securities	—	(0)
Estimated difference in loss on business withdrawal	441	—
Total extraordinary income	699	187
Extraordinary losses		
Loss on sales and retirement of noncurrent assets	1,116	249
Loss on sales of shares of subsidiaries and associates	—	67
Loss on valuation of investment securities	2	1
Impairment loss	254	724
Business structure improvement expenses	712	577
Total extraordinary losses	2,085	1,620
Income before income taxes and minority interests	13,851	13,712
Income taxes	8,557	6,375
Income before minority interests	5,293	7,336
Minority interests in income	40	32
Net income	5,253	7,304

**Consolidated Quarterly Statements of Comprehensive Income**  
**Nine months ended December 31, 2013 and 2014**

[Millions of yen]

	Apr-Dec 2013	Apr-Dec 2014
Income before minority interests	10,884	21,994
Other comprehensive income		
Valuation difference on available-for-sale securities	2,279	2,798
Deferred gains or losses on hedges	(131)	(29)
Foreign currency translation adjustment	28,183	24,537
Remeasurements of defined benefit plans, net of tax	—	606
Share of other comprehensive income of entities accounted for using equity method	2	2
<b>Total other comprehensive income</b>	<b>30,334</b>	<b>27,916</b>
<b>Comprehensive income</b>	<b>41,218</b>	<b>49,910</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	41,097	49,895
Comprehensive income attributable to minority interests	120	14

**Consolidated Quarterly Statements of Comprehensive Income**  
**Three months ended December 31, 2013 and 2014**

[Millions of yen]

	Oct-Dec 2013	Oct-Dec 2014
Income before minority interests	5,293	7,336
Other comprehensive income		
Valuation difference on available-for-sale securities	768	1,543
Deferred gains or losses on hedges	(144)	(58)
Foreign currency translation adjustment	16,758	17,729
Remeasurements of defined benefit plans, net of tax	—	156
Share of other comprehensive income of entities accounted for using equity method	1	3
<b>Total other comprehensive income</b>	<b>17,384</b>	<b>19,373</b>
<b>Comprehensive income</b>	<b>22,678</b>	<b>26,710</b>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	22,624	26,687
Comprehensive income attributable to minority interests	53	23

**(3) Consolidated Quarterly Statements of Cash Flows****Nine months ended December 31, 2013 and 2014**

[Millions of yen]

	Apr-Dec 2013	Apr-Dec 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	13,916	41,172
Depreciation	35,126	37,102
Impairment loss	12,915	2,786
Amortization of goodwill	7,190	6,918
Interest and dividends income	(1,594)	(2,051)
Interest expenses	2,086	1,942
Loss (gain) on sales and retirement of non-current assets	1,438	(912)
Loss (gain) on sales and valuation of investment securities	(22)	(0)
Increase (decrease) in provision for bonuses	(3,956)	(5,896)
Increase (decrease) in provision for retirement benefits	1,977	—
Increase (decrease) in net defined benefit liability	—	1,597
Increase (decrease) in provision for discontinued operations	1,078	(195)
Decrease (increase) in notes and accounts receivable - trade	21,881	25,955
Decrease (increase) in inventories	(3,114)	(7,805)
Increase (decrease) in notes and accounts payable - trade	(15,358)	(18,082)
Transfer of assets for rent	(3,648)	(4,143)
Decrease (increase) in accounts receivable - other	(1,244)	1,584
Increase (decrease) in accounts payable - other and accrued expenses	2,947	1,245
Increase (decrease) in deposits received	1,480	2,059
Decrease/increase in consumption taxes receivable/payable	832	706
Other, net	(1,207)	(2,905)
<b>Subtotal</b>	<b>72,724</b>	<b>81,079</b>
Interest and dividends income received	1,575	2,063
Interest expenses paid	(2,163)	(2,061)
Income taxes (paid) refund	(10,239)	(9,669)
<b>Net cash provided by (used in) operating activities</b>	<b>61,896</b>	<b>71,411</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(26,175)	(29,084)
Proceeds from sales of property, plant and equipment	1,643	4,811
Purchase of intangible assets	(5,863)	(6,126)
Payments for transfer of business	(960)	(5,648)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(903)	(4,360)
Purchase of investments in subsidiaries' equity resulting in change in scope of consolidation	(616)	—
Purchase of additional investments in consolidated subsidiaries' equity	(849)	(293)
Payments of loans receivable	(301)	(103)
Collection of loans receivable	119	261
Purchase of investment securities	(2,867)	(104)
Proceeds from sales of investment securities	383	2
Purchase of shares of subsidiaries	—	(1,564)
Payments for other investments	(3,217)	(3,108)
Other, net	1,495	675
<b>Net cash provided by (used in) investing activities</b>	<b>(38,113)</b>	<b>(44,643)</b>

	[Millions of yen]	
	Apr-Dec 2013	Apr-Dec 2014
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(17,963)	(17,228)
Proceeds from long-term loans payable	10,776	—
Repayment of long-term loans payable	(1,038)	(6,286)
Repayments of lease obligations	(1,641)	(1,663)
Proceeds from sales of treasury shares	0	0
Purchase of treasury shares	(27)	(13,506)
Cash dividends paid	(9,130)	(8,805)
Proceeds from share issuance to minority shareholders	—	290
Net cash provided by (used in) financing activities	(19,025)	(47,200)
<b>Effect of exchange rate change on cash and cash equivalents</b>	1,983	2,315
<b>Net increase (decrease) in cash and cash equivalents</b>	6,739	(18,116)
<b>Cash and cash equivalents at beginning of period</b>	213,914	188,489
<b>Increase in cash and cash equivalents from newly consolidated subsidiary</b>	669	146
<b>Cash and cash equivalents at end of period</b>	221,324	170,519



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

None.

**(5) Notes Regarding Significant Change in Shareholders' Equity****a. Acquisition of the Company's own shares**

The Company acquired its own shares following the resolutions at the Board of Directors meetings held on January 30 and July 30, 2014. As a result, treasury shares increased by ¥14,227 million in the first three quarters of the fiscal year currently under review.

The acquisitions of the Company's own shares were respectively completed on April 14 and October 16, 2014, following the resolutions at the above-mentioned Board of Directors meetings.

**b. Cancellation of the Company's own shares**

The Company cancelled its own shares on August 29, 2014 following a resolution at the Board of Directors meeting held on July 30, 2014. As a result, retained earnings and treasury shares each decreased by ¥20,765 million in the first three quarters of the current fiscal year under review.

As a result of the acquisition and cancellation of the Company's own shares, treasury shares amounted to ¥10,751 million at the end of the third quarter of the current fiscal year under review.

**(6) Segment Information****[Segment Information]****a. Nine Months Ended December 31, 2013 (From April 1, 2013 to December 31, 2013)****i. Information About Segment Sales and Income (Loss)**

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	533,351	55,177	90,360	678,889	3,986	682,876
Intersegment	1,410	100	2,652	4,163	15,558	19,721
<b>Total</b>	<b>534,762</b>	<b>55,278</b>	<b>93,012</b>	<b>683,053</b>	<b>19,544</b>	<b>702,597</b>
Segment incomes	45,272	2,341	12,382	59,996	420	60,417

[Millions of yen]

**ii. 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)**

Adjustments & Eliminations	Amount
Total operating income of reportable segments	59,996
Operating income categorized in "Other"	420
Intersegment – eliminations	(4,101)
Corporate expenses*	(17,411)
<b>Operating income reported in quarterly statements of income</b>	<b>38,905</b>

[Millions of yen]

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

**iii. 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 previous consolidated fiscal year was ¥12,531 million for the Industrial Business segment and was included in the loss on business withdrawal.

**b. Nine Months Ended December 31, 2014 (From April 1, 2014 to December 31, 2014)**

**i. Information About Segment Sales and Income (Loss)**

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	589,584	55,226	86,966	731,777	2,090	733,867
Intersegment	1,467	156	1,758	3,382	16,519	19,902
Total	591,052	55,382	88,725	735,159	18,610	753,769
Segment income	48,857	1,320	16,276	66,454	1,064	67,518

**ii. 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)**

Adjustments & Eliminations	Amount
Total operating income of reportable segments	66,454
Operating income categorized in "Other"	1,064
Intersegment – eliminations	(5,171)
Corporate expenses*	(16,938)
Operating income reported in quarterly statements of income	45,409

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

**iii. Item Related to Change in Reporting Segments**

From the first quarter of the fiscal year currently under review, the Industrial Inkjet Business, which was previously included in the Other segment, is positioned as the commercial/industrial print field in the Business Technologies segment.

Segment information for the previous first three quarters has been prepared based on reporting segment classifications following this change.

**c. Three Months Ended December 31, 2013 (From October 1, 2013 to December 31, 2013)****i. Information About Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	183,928	19,193	27,878	231,000	1,420	232,421
Intersegment	420	45	638	1,105	4,279	5,384
Total	184,349	19,239	28,516	232,105	5,699	237,805
Segment income	18,245	435	3,408	22,089	301	22,391

**ii. 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]

Adjustments & Eliminations	Amount
Total operating income of reportable segments	22,089
Operating income categorized in "Other"	301
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.

**d. Three Months Ended December 31, 2014 (From October 1, 2014 to December 31, 2014)****i. Information About Segment Sales and Income (Loss)**

[Millions of yen]

	Reportable Segment				Other	Total
	Business Technologies	Healthcare	Industrial Business	Total		
Sales						
External	208,398	18,776	27,469	254,643	659	255,303
Intersegment	418	40	589	1,048	4,767	5,815
Total	208,816	18,816	28,058	255,691	5,426	261,118
Segment income	18,590	299	4,105	22,995	246	23,241

**ii. 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)**

Adjustments & Eliminations	[Millions of yen] Amount
Total operating income of reportable segments	22,995
Operating income categorized in "Other"	246
Intersegment – eliminations	(1,420)
Corporate expenses*	(5,585)
Operating income reported in quarterly statements of income	16,235

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

**iii. Item Related to Change in Reporting Segments**

From the first quarter of the fiscal year currently under review, the Industrial Inkjet Business, which was previously included in the Other segment, is positioned as the commercial/industrial print field in the Business Technologies segment.

Segment information for the previous third quarter has been prepared based on reporting segment classifications following this change.

**(7) Important Subsequent Events**

None.