

Consolidated Financial Results for the Three Months Ended June 30, 2013 [Japanese GAAP]



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 Securities Code: 6789
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 Stock exchange listing: Tokyo Stock Exchange
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 Availability of supplementary briefing material on quarterly consolidated financial results: Not available
 Schedule of quarterly consolidated financial results briefing session: Not scheduled

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2013 (From April 1, 2013 to June 30, 2013)

(1) Consolidated Operating Results (cumulative) (% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended June 30, 2013	8,714	12.5	628	889.7	680	2,173.8	407	–
Three months ended June 30, 2012	7,748	6.0	63	–	29	–	(90)	–

(Note) Comprehensive income: Three months ended June 30, 2013: 1,032 million yen (93.9%)
 Three months ended June 30, 2012: 532 million yen (19.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2013	22.87	–
Three months ended June 30, 2012	(5.08)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of June 30, 2013	32,960	25,627	77.8	1,439.76
As of March 31, 2013	31,628	24,861	78.6	1,396.73

(Reference) Equity: As of June 30, 2013: 25,626 million yen
 As of March 31, 2013: 24,861 million yen

2. Dividends

	Annual dividends				
	1st quarter end	2nd quarter end	3rd quarter end	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecast)		20.00	–	20.00	40.00

(Note) Revision of dividend forecasts from recently announced figures: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

(% indicates changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
First half	18,910	21.2	1,890	198.2	1,830	191.9	1,150	1,445.6	64.61
Full year	38,590	23.4	3,780	165.4	3,650	179.3	2,160	505.9	121.35

(Note) Revision of consolidated financial results forecast from recently announced figures: No

* Notes

(1) Significant changes of subsidiaries during the three months ended June 30, 2013 (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Adoption of the special accounting method for preparing Consolidated Financial Statements: No

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

Three months ended June 30, 2013	17,800,000 shares
Fiscal year ended March 31, 2013	17,800,000 shares

2) Total number of treasury stock at the end of the period:

Three months ended June 30, 2013	460 shares
Fiscal year ended March 31, 2013	460 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2013	17,799,540 shares
Three months ended June 30, 2012	17,799,607 shares

* Presentation regarding the implementation status of the quarterly review process

These Consolidated Financial Results are not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Act. However, at the time of the disclosure of these Consolidated Financial Results, the quarterly review procedures of the Consolidated Financial Statement based on the Law have been completed.

* Explanation of the proper use of financial results forecast and other notes

Financial results forecast was prepared based on available information at the time of the release of this document, and the Company does not in any way guarantee the achievement of the projections. Actual results may be different from the projections due to various factors. For the notes concerning the use of financial results forecast, please refer to “Explanation of Future Forecast Information such as Consolidated Performance Forecast” on page 3 of the Appendix.

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1. Qualitative Information on Financial Results

(1) Explanation of Results of Operations

In the first quarter of the current term, challenging conditions continued in the world economy due to the impact of prolonged economic stagnation in Europe despite a sustained mild recovery trend in the U.S. In Asia, the slowdown in the Chinese economy became particularly clear. In Japan, although business confidence is improving as a result of yen depreciation and rising stock prices, the effects did not extend to recovery in the real economy, and the future still remained uncertain.

In order to adapt to a drastically changing business environment, the group has set out to reform our corporate structure with GlobalOne, which would unify our group and unleash newfound collaborative power. Specific measures and quantitative targets have been set out in the three-year medium-term business plan* which makes the fiscal year ending March 31, 2014 as a first year, and are being implemented from this term. With the three major themes of 1) creating opportunities for new growth in creative fields, 2) strengthening the global brand, and 3) management that is responsive to diversification, the group will further press ahead the GlobalOne as we seek to build a strong business foundation for new growth.

Under these conditions, regarding sales by product for the first quarter, sales for the printers and supplies that are mainstay products were up compared to the same period of the previous term thanks to the new large inkjet printers which got off to a favorable start after their introduction in the previous term. In addition, as for 3D products, the DWX series of dental milling machines performed solidly, with sales exceeding those of the same period of the previous term.

As for sales by region, sales in North America and Japan were higher than the same period of the previous term, thanks to strong sales mainly for new printers and dental milling machines. In Europe, although sales stagnated in response to the impact of the severe economic downturn, the effect of yen depreciation and other factors led to results higher than those of the same period of the previous term. In Asia, despite robust sales in China mainly for large aqueous inkjet printers which are in high demand in the local sign manufacturing business, overall sales in the region fell significantly compared with the same period of the previous term, mainly due to the impact of readjustment of the sales structure carried out in Korea and the ASEAN region.

As a result of the above, sales for the first quarter were up 12.5% over the same period of the previous term, to a total of 8,714 million yen. Despite an increase in selling, general and administrative expenses, the cost to sales ratio improved substantially. Consequently, operating income climbed 889.7% compared with the same period of the previous term to 628 million yen, ordinary income rose 2,173.8% compared with the same period of the previous term to 680 million yen, and net quarterly income came to 407 million yen (a 90 million yen loss last term).

* For details regarding the medium-term business plan, please see “Medium-Term Business Plan (FY2014 to FY2016)” released on May 8, 2013.

Net sales by product

(Millions of Yen)

Product	Three months ended June 30, 2012		Three months ended June 30, 2013		Changes	Changes in composition ratio (%)	Year-on-year change (%)
	Amount	Composition ratio (%)	Amount	Composition ratio (%)			
Printers	3,354	43.3	4,011	46.0	657	2.7	119.6
Plotters	302	3.9	283	3.2	(19)	(0.7)	93.6
3D products	542	7.0	650	7.5	107	0.5	119.8
Supplies	2,557	33.0	2,849	32.7	291	(0.3)	111.4
Others	990	12.8	919	10.6	(70)	(2.2)	92.9
Total	7,748	100.0	8,714	100.0	965	—	112.5

(2) Explanation of Financial Position

Total assets as of the end of the first quarter increased by 1,332 million yen compared with end-of-term consolidated totals last year to a total of 32,960 million yen (104.2% of year-end consolidated totals last term). Cash and deposits increased by 815 million yen, merchandise and finished goods increased by 531 million yen, and other current assets increased by 183 million yen. Meanwhile long-term time deposits of subsidiaries decreased by 229 million yen.

Liabilities as of the end of the first quarter increased by 566 million yen to a total of 7,333 million yen (108.4% of year-end consolidated totals last term). Notes and accounts payable-trade increased by 500 million yen. Meanwhile, provision for bonuses decreased by 203 million yen due to the reversal accompanying the payment of bonuses.

Net assets as of the end of the first quarter increased by 765 million yen to a total of 25,627 million yen (103.1% of year-end consolidated totals last term). Despite of dividend payouts, retained earnings increased by 140 million yen, along with an improvement in consolidated sales and performance for the first quarter. At the same time, year-end consolidated totals last term benefited from a weaker yen and the foreign currency translation adjustment increased by 626 million yen.

(3) Explanation of Future Forecast Information such as Consolidated Performance Forecast

No revisions have been made to the consolidated financial results forecasts for the six months ending September 30, 2013 and for the fiscal year ending March 31, 2014, which were announced on May 8, 2013.

Should any changes occur in the future, they shall be disclosed in an appropriate manner.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	7,139,574	7,954,669
Notes and accounts receivable-trade	3,817,451	3,833,471
Merchandise and finished goods	5,759,699	6,290,804
Work in process	67,023	56,144
Raw materials and supplies	2,242,175	2,055,251
Deferred tax assets	811,174	875,467
Other	947,774	1,131,447
Allowance for doubtful accounts	(30,194)	(33,394)
Total current assets	20,754,678	22,163,860
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,080,106	6,214,090
Accumulated depreciation	(2,995,979)	(3,073,775)
Buildings and structures, net	3,084,126	3,140,314
Machinery, equipment and vehicles	738,546	809,494
Accumulated depreciation	(494,843)	(517,604)
Machinery, equipment and vehicles, net	243,702	291,889
Tools, furniture and fixtures	2,825,451	2,861,927
Accumulated depreciation	(2,255,636)	(2,304,163)
Tools, furniture and fixtures, net	569,815	557,763
Land	3,064,227	3,102,984
Construction in progress	113,304	59,725
Total property, plant and equipment	7,075,177	7,152,677
Intangible assets		
Goodwill	2,270,091	2,251,098
Software	612,568	621,095
Telephone subscription right	8,539	8,510
Total intangible assets	2,891,199	2,880,704
Investments and other assets		
Investment securities	111,019	109,449
Deferred tax assets	143,215	139,430
Long-term time deposits	229,520	—
Other	446,790	539,760
Allowance for doubtful accounts	(23,543)	(25,801)
Total investments and other assets	907,002	762,838
Total noncurrent assets	10,873,378	10,796,220
Total assets	31,628,056	32,960,081

(Thousands of Yen)

	As of March 31, 2013	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	893,122	1,393,454
Short-term loans payable	1,825,886	1,849,240
Income taxes payable	205,421	264,660
Provision for bonuses	487,675	284,521
Provision for directors' bonuses	—	25,000
Provision for product warranties	240,739	255,990
Other	2,169,636	2,239,339
Total current liabilities	5,822,481	6,312,207
Noncurrent liabilities		
Provision for retirement benefits	215,409	222,296
Long-term accounts payable-other	114,219	118,960
Other	614,831	679,592
Total noncurrent liabilities	944,460	1,020,848
Total liabilities	6,766,942	7,333,056
Net assets		
Shareholders' equity		
Capital stock	3,668,700	3,668,700
Capital surplus	3,700,603	3,700,603
Retained earnings	19,465,069	19,605,200
Treasury stock	(698)	(698)
Total shareholders' equity	26,833,673	26,973,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,993	6,873
Foreign currency translation adjustment	(1,980,586)	(1,353,701)
Total accumulated other comprehensive income	(1,972,593)	(1,346,828)
Minority interests	34	48
Total net assets	24,861,114	25,627,025
Total liabilities and net assets	31,628,056	32,960,081

(2) Consolidated Statements of Operations and Comprehensive Income
Consolidated Statements of Operations
(For the three months ended June 30, 2012 and June 30, 2013)

(Thousands of Yen)

	For the three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	For the three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Net sales	7,748,635	8,714,585
Cost of sales	5,127,670	4,863,095
Gross profit	2,620,964	3,851,489
Selling, general and administrative expenses		
Transportation and warehousing expenses	131,419	188,378
Advertising and promotion expenses	167,714	172,513
Provision of allowance for doubtful accounts	9,603	3,773
Provision for product warranties	27,130	52,619
Salaries and bonuses	1,232,856	1,514,480
Provision for bonuses	130,456	163,203
Provision for directors' bonuses	10,000	25,000
Traveling and transportation expenses	129,740	159,282
Depreciation	157,111	222,284
Commission fee	221,885	262,154
Other	339,535	459,212
Total selling, general and administrative expenses	2,557,453	3,222,901
Operating income	63,511	628,587
Non-operating income		
Interest income	13,412	7,138
Dividends income	120	120
Foreign exchange gains	—	51,407
Other	35,558	31,232
Total non-operating income	49,091	89,898
Non-operating expenses		
Interest expenses	2,077	338
Sales discounts	35,643	36,815
Foreign exchange losses	42,541	—
Other	2,404	679
Total non-operating expenses	82,667	37,833
Ordinary income	29,935	680,652
Extraordinary income		
Gain on sales of noncurrent assets	2,981	1,173
Total extraordinary income	2,981	1,173
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	242	1,400
Total extraordinary losses	242	1,400
Income before income taxes and minority interests	32,673	680,425
Income taxes-current	56,099	309,414
Income taxes-deferred	48,571	(36,112)
Total income taxes	104,671	273,301
Income (loss) before minority interests	(71,997)	407,124
Minority interests in income	18,352	0
Net income (loss)	(90,349)	407,124

Consolidated Statements of Comprehensive Income
(For the three months ended June 30, 2012 and June 30, 2013)

(Thousands of Yen)

	For the three months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)	For the three months ended June 30, 2013 (From April 1, 2013 to June 30, 2013)
Income (loss) before minority interests	(71,997)	407,124
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,890)	(1,120)
Foreign currency translation adjustment	606,511	626,889
Total other comprehensive income	604,621	625,769
Comprehensive income	532,623	1,032,894
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	446,590	1,032,889
Comprehensive income attributable to minority interests	86,033	4

(3) Notes on Consolidated Financial Statements
(Notes on Going Concern Assumption)
Not applicable.

(Notes in Case of Significant Changes in Shareholder's Equity)
Not applicable.