

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	June 30, 2008	March 31, 2008
[Millions of yen]		
Assets		
Current assets		
Cash and deposits	84,224	89,218
Notes and accounts receivable-trade	230,156	234,862
Lease receivables and investment assets	16,485	—
Short-term investment securities	10,000	33,000
Inventories	149,468	132,936
Deferred tax assets	37,947	37,086
Accounts receivable-other	9,340	14,284
Other	20,778	21,330
Allowance for doubtful accounts	-6,305	-5,608
Total current assets	<u>552,095</u>	<u>557,110</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	74,907	71,815
Machinery, equipment and vehicles, net	86,089	86,088
Tools, furniture and fixtures, net	26,895	26,846
Land	36,215	35,961
Lease assets, net	23	—
Construction in progress	4,463	5,201
Assets for rent, net	13,953	20,076
Total property, plant and equipment	<u>242,548</u>	<u>245,989</u>
Intangible assets		
Goodwill	97,824	75,809
Other	19,173	18,038
Total intangible assets	<u>116,998</u>	<u>93,848</u>
Investments and other assets		
Investment securities	30,879	28,651
Long-term loans receivable	555	430
Long-term prepaid expenses	3,217	3,589
Deferred tax assets	28,537	28,604
Other	13,238	12,743
Allowance for doubtful accounts	-438	-430
Total investments and other assets	<u>75,990</u>	<u>73,589</u>
Total noncurrent assets	<u>435,536</u>	<u>413,427</u>
Total assets	<u>987,631</u>	<u>970,538</u>

	June 30, 2008	March 31, 2008
[Millions of yen]		
Liabilities		
Current liabilities		
Notes and accounts payable-trade	111,147	109,413
Short-term loans payable	83,058	93,875
Current portion of long-term loans payable	9,484	6,363
Current portion of bonds	5,000	5,000
Accounts payable-other	49,973	54,286
Accrued expenses	35,326	33,355
Income taxes payable	11,078	16,449
Provision for bonuses	7,565	15,121
Provision for directors' bonuses	64	257
Provision for product warranties	2,205	4,342
Provision for loss on business liquidation	10,437	11,727
Notes payable-facilities	3,721	2,070
Other	27,006	13,307
Total current liabilities	<u>356,070</u>	<u>365,570</u>
Noncurrent liabilities		
Bonds payable	70,141	70,166
Long-term loans payable	45,946	50,620
Deferred tax liabilities for land revaluation	3,961	4,010
Provision for retirement benefits	56,902	53,367
Provision for directors' retirement benefits	451	544
Other	8,298	7,946
Total noncurrent liabilities	<u>185,702</u>	<u>186,656</u>
Total liabilities	<u>541,772</u>	<u>552,227</u>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	195,633	176,684
Treasury stock	(1,397)	(1,340)
Total shareholders' equity	<u>435,896</u>	<u>417,003</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,059	2,913
Deferred gains or losses on hedges	(268)	(319)
Foreign currency translation adjustment	4,225	(2,431)
Total valuation and translation adjustments	<u>9,016</u>	<u>162</u>
Subscription rights to shares	334	286
Minority interests	610	858
Total net assets	<u>445,859</u>	<u>418,310</u>
Total liabilities and net assets	<u>987,631</u>	<u>970,538</u>

(2) Consolidated Statements of Income

[Millions of yen]

Three months ended
June 30, 2008

Net sales	255,139
Cost of sales	135,208
Gross profit	119,931
Selling, general and administrative expenses	95,453
Operating income	24,478
Non-operating income	
Interest income	939
Dividends income	341
Equity in earnings of affiliates	31
Foreign exchange gains	2,490
Other	1,912
Total non-operating income	5,714
Non-operating expenses	
Interest expenses	1,346
Other	907
Total non-operating expenses	2,254
Ordinary income	27,938
Extraordinary income	
Gain on sales of noncurrent assets	77
Gain on sales of investment securities	3
Gain on sales of subsidiaries and affiliates' stocks	2,803
Gain on transfer of business	3,063
Reversal of provision for loss on business liquidation	0
Total extraordinary income	5,948
Extraordinary loss	
Loss on sales and retirement of noncurrent assets	495
Loss on valuation of investment securities	24
Impairment loss	30
Business structure improvement expenses	629
Loss on revision of retirement benefit plan	1,951
Total extraordinary losses	3,130
Income before income taxes and minority interests	30,756
Income taxes	13,134
Minority interests in income	-6
Net income	17,628

(3) Consolidated Statement of Cash Flows

[Millions of yen]

Three months ended
June 30, 2008

Net cash provided by (used in) operating activities	
Income before income taxes and minority interests	30,756
Depreciation and amortization	16,168
Impairment loss	30
Amortization of goodwill	1,715
Increase (decrease) in allowance for doubtful accounts	385
Interest and dividends income	(1,280)
Interest expenses	1,346
Loss (gain) on sales and retirement of noncurrent assets	417
Loss (gain) on sales and valuation of investment securities	20
Loss (gain) on sales and valuation of stocks of subsidiaries and affiliates	(2,803)
Loss (gain) on transfer of business	(3,063)
Reversal of provision for loss on business liquidation	(0)
Business structure improvement expenses	629
Loss on revision of retirement benefit plan	1,951
Increase (decrease) in provision for retirement benefits	2,697
Increase (decrease) in provision for loss on business liquidation	(1,289)
Decrease (increase) in notes and accounts receivable-trade	21,762
Decrease (increase) in inventories	(6,526)
Increase (decrease) in notes and accounts payable-trade	(15,912)
Increase (decrease) in accrued consumption taxes	(548)
Reversal of Accumulated impairment loss on leased assets	(41)
Transfer of Assets for rent	(1,392)
Other, net	(4,380)
Subtotal	<u>40,642</u>
Interest and dividends income received	1,340
Interest expenses paid	(1,286)
Payments for extra retirement payments	(105)
Income taxes paid	(18,365)
Net cash provided by (used in) operating activities	22,225

[Millions of yen]
Three months ended
June 30, 2008

Net cash provided by (used in) investment activities	
Purchase of property, plant and equipment	(13,366)
Proceeds from sales of property, plant and equipment	236
Purchase of intangible assets	(1,741)
Proceeds from transfer of business	4,585
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidat	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(23,954)
Payments of loans receivable	(3)
Collection of loans receivable	47
Purchase of investment securities	(150)
Proceeds from sales of investment securities	4
Payments for other investments	(383)
Other, net	35
Net cash provided by (used in) investment activities	(31,512)
Net cash provided by (used in) financing activities	
Net increase (decrease) in short-term loans payable	(14,656)
Proceeds from long-term loans payable	416
Repayment of long-term loans payable	(2,000)
Repayments of lease obligations	(865)
Proceeds from sales of treasury stock	3
Purchase of treasury stock	(66)
Cash dividends paid	(3,859)
Cash dividends paid to minority shareholders	(268)
Net cash provided by (used in) financing activities	(21,297)
Effect of exchange rate change on cash and cash equivalents	2,074
Net increase (decrease) in cash and cash equivalents	(28,510)
Cash and cash equivalents at beginning of period	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolida	498
Cash and cash equivalents at end of period	<u>94,175</u>