

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets March 31, 2009 and 2008

	March 31, 2008	[Millions of yen] March 31, 2009
Assets		
Current assets		
Cash and deposits	89,218	85,753
Notes and accounts receivable-trade	234,862	171,835
Lease receivables and investment assets	--	13,598
Short-term investment securities	33,000	48,000
Inventories	132,936	129,160
Deferred tax assets	37,086	25,326
Accounts receivable-other	14,284	16,531
Other	21,330	19,463
Allowance for doubtful accounts	△5,608	△4,749
Total current assets	557,110	504,919
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	71,815	71,937
Machinery, equipment and vehicles, net	86,088	69,726
Tools, furniture and fixtures, net	26,846	26,875
Land	35,961	35,033
Lease assets, net	—	196
Construction in progress	5,201	11,522
Assets for rent, net	20,076	12,568
Total property, plant and equipment	245,989	227,860
Intangible assets		
Goodwill	75,809	81,374
Other	18,038	30,248
Total intangible assets	93,848	111,623
Investments and other assets		
Investment securities	28,651	18,068
Long-term loans receivable	430	461
Long-term prepaid expenses	3,589	3,438
Deferred tax assets	28,604	39,608
Other	12,743	12,596
Allowance for doubtful accounts	△430	△519
Total investments and other assets	73,589	73,654
Total noncurrent assets	413,427	413,138
Total assets	970,538	918,058

[Millions of yen]

March 31, 2008

March 31, 2009

	March 31, 2008	March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	109,413	87,105
Short-term loans payable	93,875	64,980
Current portion of long-term loans payable	6,363	12,102
Current portion of bonds	5,000	30,066
Accounts payable-other	54,286	36,443
Accrued expenses	33,355	27,770
Income taxes payable	16,449	2,534
Provision for bonuses	15,121	11,736
Provision for directors' bonuses	257	85
Provision for product warranties	4,342	2,496
Provision for loss on business liquidation	11,727	7,268
Notes payable-facilities	2,070	2,444
Other	13,307	25,853
Total current liabilities	365,570	310,889
Noncurrent liabilities		
Bonds payable	70,166	40,000
Long-term loans payable	50,620	83,259
Deferred tax liabilities for land revaluation	4,010	3,889
Provision for retirement benefits	53,367	57,962
Provision for directors' retirement benefits	544	534
Other	7,946	7,238
Total noncurrent liabilities	186,656	192,884
Total liabilities	552,227	503,773
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	176,684	185,453
Treasury stock	△1,340	△1,662
Total shareholders' equity	417,003	425,451
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,913	△513
Deferred gains or losses on hedges	△319	198
Foreign currency translation adjustment	△2,431	△11,755
Total valuation and translation adjustments	162	△12,070
Subscription rights to shares	286	460
Minority interests	858	444
Total net assets	418,310	414,284
Total liabilities and net assets	970,538	918,058

(2) Consolidated Statements of Income

For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]

	March 31	
	2008	2009
Net sales	1,071,568	947,843
Cost of sales	540,225	520,206
Gross profit	531,343	427,637
Selling, general and administrative expenses	411,736	371,376
Operating income	119,606	56,260
Non-operating income		
Interest income	2,227	1,655
Dividends income	415	520
Equity in earnings of affiliates	182	—
Other	7,766	5,748
Total non-operating income	10,592	7,925
Non-operating expenses		
Interest expenses	4,465	4,866
Loss on abandonment of inventories	7,065	—
Equity in losses of affiliates	—	99
Foreign exchange losses	7,637	7,272
Other	6,801	6,544
Total non-operating expenses	25,970	18,782
Ordinary income	104,227	45,403
Extraordinary income		
Gain on sales of noncurrent assets	1,308	249
Gain on sales of investment securities	20	6
Gain on sales of subsidiaries and affiliates' stocks	47	2,803
Licence Related Income	8,080	560
Gain on transfer of business	—	3,063
Reversal of provision for loss on business liquidation	590	932
Other	—	458
Total extraordinary income	10,047	8,073
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	4,533	3,115
Loss on sales of investment securities	0	0
Loss on valuation of stocks of subsidiaries and affiliates	54	—
Loss on valuation of investment securities	313	3,826
Impairment loss	5,702	1,168
Loss on litigation	625	—
Environmental expenses	1,856	—
Special extra retirement payments	460	—
Extraordinary Loss in Foreign Subsidiaries	1,731	—
Business structure improvement expenses	—	10,094
Loss on revision of retirement benefit plan	—	2,046
Total extraordinary losses	15,278	20,252
Income before income taxes and minority interests	98,996	33,224
Income taxes-current	29,496	13,183
Income taxes-deferred	544	4,857
Total income taxes	30,040	18,040
Minority interests in income	126	5
Net income	68,829	15,179

(3) Consolidated Statements of Changes in Net Assets
For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]
March 31

	2008	2009
Shareholders' equity		
Capital stock		
Balance at the end of previous period	37,519	37,519
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	37,519	37,519
Capital surplus		
Balance at the end of previous period	204,143	204,140
Changes of items during the period		
Disposal of treasury stock	△2	—
Total changes of items during the period	△2	—
Balance at the end of current period	204,140	204,140
Retained earnings		
Balance at the end of previous period	115,704	176,684
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Disposal of treasury stock	△28	△117
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Total changes of items during the period	60,979	3,558
Balance at the end of current period	176,684	185,453
Treasury stock		
Balance at the end of previous period	△1,097	△1,340
Changes of items during the period		
Purchase of treasury stock	△289	△665
Disposal of treasury stock	46	343
Total changes of items during the period	△242	△321
Balance at the end of current period	△1,340	△1,662
Total shareholders' equity		
Balance at the end of previous period	356,269	417,003
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Total changes of items during the period	60,734	3,236
Balance at the end of current period	417,003	425,451

[Millions of yen]
March 31

	2008	2009
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	7,454	2,913
Changes of items during the period		
Net changes of items other than shareholders' equity	△4,541	△3,426
Total changes of items during the period	△4,541	△3,426
Balance at the end of current period	2,913	△513
Deferred gains or losses on hedges		
Balance at the end of previous period	△90	△319
Changes of items during the period		
Net changes of items other than shareholders' equity	△228	517
Total changes of items during the period	△228	517
Balance at the end of current period	△319	198
Foreign currency translation adjustment		
Balance at the end of previous period	3,834	△2,431
Changes of items during the period		
Net changes of items other than shareholders' equity	△6,266	△9,323
Total changes of items during the period	△6,266	△9,323
Balance at the end of current period	△2,431	△11,755
Total valuation and translation adjustments		
Balance at the end of previous period	11,198	162
Changes of items during the period		
Net changes of items other than shareholders' equity	△11,036	△12,232
Total changes of items during the period	△11,036	△12,232
Balance at the end of current period	162	△12,070
Subscription rights to shares		
Balance at the end of previous period	108	286
Changes of items during the period		
Net changes of items other than shareholders' equity	177	174
Total changes of items during the period	177	174
Balance at the end of current period	286	460
Minority interests		
Balance at the end of previous period	1,048	858
Changes of items during the period		
Net changes of items other than shareholders' equity	△189	△414
Total changes of items during the period	△189	△414
Balance at the end of current period	858	444
Total net assets		
Balance at the end of previous period	368,624	418,310
Effect of changes in accounting policies applied to foreign subsidiaries	—	5,210
Changes of items during the period		
Dividends from surplus	△9,287	△9,283
Net income	68,829	15,179
Change of scope of consolidation	405	96
Purchase of treasury stock	△289	△665
Disposal of treasury stock	16	226
Amortization of net retirement benefit obligation in foreign subsidiaries	1,059	△2,316
Net changes of items other than shareholders' equity	△11,048	△12,473
Total changes of items during the period	49,686	△9,236
Balance at the end of current period	418,310	414,284

(4) Consolidated Statements of Cash Flow
For the fiscal years ended March 31, 2009 and 2008

[Millions of yen]
March 31

	2008	2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	98,996	33,224
Depreciation and amortization	60,443	70,179
Impairment loss	5,702	1,168
Amortization of goodwill	7,171	8,909
Increase (decrease) in allowance for doubtful accounts	780	△131
Interest and dividends income	△2,643	△2,176
Interest expenses	4,465	4,866
Loss (gain) on sales and retirement of noncurrent assets	3,224	2,866
Loss (gain) on sales and valuation of investment securities	293	3,820
Loss (gain) on sales and valuation of subsidiaries/affiliates' stocks	6	△2,803
Licence related income	△8,080	—
Reversal of loss on business liquidation	△590	—
Loss on litigation	625	—
Environmental expenses	1,856	—
Extra Retirement Payment	460	—
Extraordinary Loss In Foreign Subsidiaries	1,731	—
Loss (gain) on transfer of business	—	△3,063
Increase (decrease) in provision for retirement benefits	△4,462	5,708
Increase (decrease) in provision for loss on business liquidation	△16,370	△4,459
Decrease (increase) in notes and accounts receivable-trade	11,157	50,596
Decrease (increase) in inventories	△6,422	△3,550
Increase (decrease) in notes and accounts payable-trade	△2,027	△10,372
Increase (decrease) in accrued consumption taxes	904	△919
Reversal of Accumulated impairment loss on leased assets	△171	△106
Transfer of Assets for rent	△11,847	△7,419
Other, net	7,468	△1,399
Subtotal	152,674	144,939
Interest and dividends income received	2,681	2,000
Interest expenses paid	△4,444	△4,594
Payments for extra retirement payments	△355	△105
Income taxes paid	△27,543	△34,676
Net cash provided by (used in) operating activities	123,014	107,563

[Millions of yen]
March 31

	2008	2009
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△62,969	△61,645
Proceeds from sales of property, plant and equipment	2,907	1,767
Purchase of intangible assets	△5,864	△7,774
Proceeds from transfer of business	—	4,585
Purchase of investments in subsidiaries	△855	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	3,177
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△6,832	△27,987
Payments of loans receivable	△113	△286
Collection of loans receivable	265	216
Purchase of investment securities	△1,718	△990
Proceeds from sales of investment securities	35	18
Payments of valuation of other investments	△2,609	△1,440
Other, net	939	191
Net cash provided by (used in) investing activities	△76,815	△90,169
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	16,314	△16,504
Proceeds from long-term loans payable	—	44,817
Repayment of long-term loans payable	△17,159	△6,364
Redemption of bonds	△30	△5,000
Repayments of lease obligations	—	△1,993
Proceeds from sales of treasury stock	16	218
Purchase of treasury stock	△289	△665
Cash dividends paid	△9,271	△9,279
Cash dividends paid to minority shareholders	△126	△268
Net cash provided by (used in) financing activities	△10,545	4,959
Effect of exchange rate change on cash and cash equivalents	△347	△11,311
Net increase (decrease) in cash and cash equivalents	35,305	11,041
Cash and cash equivalents at beginning of period	86,587	122,187
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	294	498
Cash and cash equivalents at end of period	122,187	133,727