

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets September 30, 2009 and March 31, 2009

	September 30, 2009	[Millions of yen] March 31, 2009
Assets		
Current assets		
Cash and deposits	87,384	85,753
Notes and accounts receivable-trade	167,471	171,835
Lease receivables and investment assets	13,684	13,598
Short-term investment securities	87,500	48,000
Inventories	100,979	129,160
Deferred tax assets	27,787	25,326
Accounts receivable-other	6,972	16,531
Other	15,709	19,463
Allowance for doubtful accounts	△4,344	△4,749
Total current assets	<u>503,144</u>	<u>504,919</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	68,599	71,937
Machinery, equipment and vehicles, net	60,323	69,726
Tools, furniture and fixtures, net	23,989	26,875
Land	34,834	35,033
Lease assets, net	406	196
Construction in progress	15,209	11,522
Assets for rent, net	12,239	12,568
Total property, plant and equipment	<u>215,602</u>	<u>227,860</u>
Intangible assets		
Goodwill	75,411	81,374
Other	27,611	30,248
Total intangible assets	<u>103,023</u>	<u>111,623</u>
Investments and other assets		
Investment securities	20,737	18,068
Long-term loans receivable	228	461
Long-term prepaid expenses	3,152	3,438
Deferred tax assets	37,274	39,608
Other	12,372	12,596
Allowance for doubtful accounts	△940	△519
Total investments and other assets	<u>72,824</u>	<u>73,654</u>
Total noncurrent assets	<u>391,449</u>	<u>413,138</u>
Total assets	<u>894,594</u>	<u>918,058</u>

	September 30, 2009	[Millions of yen] March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	72,301	87,105
Short-term loans payable	71,571	64,980
Current portion of long-term loans payable	3,063	12,102
Current portion of bonds	30,016	30,066
Accounts payable-other	28,979	36,443
Accrued expenses	24,507	27,770
Income taxes payable	4,655	2,534
Provision for bonuses	11,900	11,736
Provision for directors' bonuses	81	85
Provision for product warranties	2,048	2,496
Provision for loss on business liquidation	6,027	7,268
Notes payable-facilities	964	2,444
Other	18,962	25,853
Total current liabilities	<u>275,080</u>	<u>310,889</u>
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	99,136	83,259
Deferred tax liabilities for land revaluation	3,889	3,889
Provision for retirement benefits	59,491	57,962
Provision for directors' retirement benefits	407	534
Other	6,704	7,238
Total noncurrent liabilities	<u>209,630</u>	<u>192,884</u>
Total liabilities	<u>484,710</u>	<u>503,773</u>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	183,677	185,453
Treasury stock	△1,669	△1,662
Total shareholders' equity	<u>423,668</u>	<u>425,451</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,193	△513
Deferred gains or losses on hedges	△153	198
Foreign currency translation adjustment	△15,902	△11,755
Total valuation and translation adjustments	<u>△14,862</u>	<u>△12,070</u>
Subscription rights to shares	533	460
Minority interests	545	444
Total net assets	<u>409,883</u>	<u>414,284</u>
Total liabilities and net assets	<u>894,594</u>	<u>918,058</u>

(2) Consolidated Statements of Income
Six months ended September 30, 2008 and 2009

	[Millions of yen]	
	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net sales	532,971	393,341
Cost of sales	289,743	224,459
Gross profit	243,227	168,881
Selling, general and administrative expenses	194,557	159,722
Operating income	48,670	9,159
Non-operating income		
Interest income	1,149	758
Dividends income	359	204
Equity in earnings of affiliates	53	—
Foreign exchange gains	—	234
Other	4,154	2,603
Total non-operating income	5,717	3,801
Non-operating expenses		
Interest expenses	2,881	1,851
Equity in losses of affiliates	—	40
Foreign exchange losses	647	—
Other	2,982	2,339
Total non-operating expenses	6,510	4,232
Ordinary income	47,877	8,728
Extraordinary income		
Gain on sales of noncurrent assets	103	159
Gain on sales of investment securities	6	—
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	385	696
Other extraordinary income of foreign subsidiaries	—	598
Other	458	—
Total extraordinary income	6,820	1,454
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,085	1,651
Loss on sales of investment securities	0	13
Loss on valuation of investment securities	42	222
Impairment loss	254	164
Business structure improvement expenses	1,413	1,216
Loss on revision of retirement benefit plan	2,046	—
Total extraordinary losses	4,842	3,268
Income before income taxes and minority interests	49,856	6,913
Income taxes	20,572	3,380
Minority interests in income (loss)	3	△1
Net income	29,279	3,534

Three months ended September 30, 2008 and 2009

[Millions of yen]

	Three months ended September 30	
	Julr-Sep 2008	Julr-Sep 2009
Net sales	277,831	203,901
Cost of sales	154,534	114,695
Gross profit	123,296	89,206
Selling, general and administrative expenses	99,103	79,457
Operating income	24,192	9,748
Non-operating income		
Interest income	210	318
Dividends income	18	17
Equity in earnings of affiliates	22	—
Other	2,242	1,072
Total non-operating income	2,493	1,407
Non-operating expenses		
Interest expenses	1,534	812
Equity in losses of affiliates	—	7
Foreign exchange losses	3,138	1,179
Other	2,074	1,030
Total non-operating expenses	6,747	3,030
Ordinary income	19,938	8,125
Extraordinary income		
Gain on sales of noncurrent assets	25	122
Gain on sales of investment securities	2	—
Reversal of provision for loss on business liquidation	385	231
Other extraordinary income of foreign subsidiaries	458	—
Total extraordinary income	872	353
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	590	1,425
Loss on sales of investment securities	0	0
Loss on valuation of investment securities	17	10
Impairment loss	223	163
Business structure improvement expenses	783	369
Loss on revision of retirement benefit plan	95	—
Total extraordinary losses	1,711	1,969
Income before income taxes and minority interests	19,100	6,510
Income taxes	7,437	3,260
Minority interests in income	10	13
Net income	11,651	3,235

(3) Consolidated Statements of Cash Flow
Six months ended September 30, 2008 and 2009

	[Millions of yen]	
	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	49,856	6,913
Depreciation and amortization	33,931	30,897
Impairment loss	254	164
Amortization of goodwill	4,084	4,698
Increase (decrease) in allowance for doubtful accounts	127	—
Interest and dividends income	△1,509	△963
Interest expenses	2,881	1,851
Loss (gain) on sales and retirement of noncurrent assets	982	1,492
Loss (gain) on sales and valuation of investment securities	36	236
Loss (gain) on sales and valuation of subsidiaries affiliates stocks	△2,803	—
Loss (gain) on transfer of business	△3,063	—
Reversal of loss on business liquidation	△385	—
Business structure improvement expenses	1,413	—
Loss on revision of retirement benefit plan	2,046	—
Increase (decrease) in provision for retirement benefits	3,783	2,264
Increase (decrease) in provision for loss on business liquidation	△2,210	△1,241
Decrease (increase) in notes and accounts receivable-trade	12,825	991
Decrease (increase) in inventories	△688	26,339
Increase (decrease) in notes and accounts payable-trade	△4,303	△12,027
Transfer of assets for rent	△3,314	△3,655
Decrease (increase) in accounts receivable-other	—	1,621
Increase (decrease) in accounts payable-other and accrued expenses	—	△6,237
Decrease/increase in consumption taxes receivable/payable	—	3,618
Increase (decrease) in accrued consumption taxes	△61	—
Reversal of accumulated impairment loss on leased assets	△106	—
Other, net	△8,820	△8,285
Subtotal	<u>84,956</u>	<u>48,678</u>
Interest and dividends income received	1,558	1,171
Interest expenses paid	△2,499	△1,969
Payments for extra retirement payments	△105	—
Income taxes paid	△19,922	6,215
Net cash provided by (used in) operating activities	<u>63,986</u>	<u>54,096</u>

	[Millions of yen]	
	Six months ended September 30	
	Apr-Sep 2008	Apr-Sep 2009
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△34,058	△19,816
Proceeds from sales of property, plant and equipment	1,193	234
Purchase of intangible assets	△3,422	△2,160
Proceeds from transfer of business	4,585	—
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	△23,954	—
Payments of loans receivable	△3	△114
Collection of loans receivable	74	107
Purchase of investment securities	△152	△92
Proceeds from sales of investment securities	8	16
Payments of valuation of other investments	△737	△592
Other, net	107	404
Net cash provided by (used in) investing activities	<u>△53,182</u>	<u>△22,013</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	△10,734	6,816
Proceeds from long-term loans payable	375	16,095
Repayment of long-term loans payable	△4,182	△9,261
Redemption of bonds	△5,000	—
Repayments of lease obligations	△1,364	△958
Proceeds from sales of treasury stock	92	2
Purchase of treasury stock	△471	△17
Cash dividends paid	△3,972	△5,293
Cash dividends paid to minority shareholders	△268	—
Net cash provided by (used in) financing activities	<u>△25,526</u>	<u>7,383</u>
Effect of exchange rate change on cash and cash equivalents	<u>△2,729</u>	<u>1,161</u>
Net increase (decrease) in cash and cash equivalents	<u>△17,451</u>	<u>40,627</u>
Cash and cash equivalents at beginning of period	122,187	133,727
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	498	—
Cash and cash equivalents at end of period	<u>105,234</u>	<u>174,355</u>