

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets December 31, 2010 and March 31, 2009

	December 31, 2009	March 31, 2009
	[Millions of yen]	
	December 31, 2009	March 31, 2009
Assets		
Current assets		
Cash and deposits	89,772	85,753
Notes and accounts receivable-trade	164,101	171,835
Lease receivables and investment assets	13,565	13,598
Short-term investment securities	67,000	48,000
Inventories	103,715	129,160
Deferred tax assets	28,630	25,326
Accounts receivable-other	6,212	16,531
Other	13,433	19,463
Allowance for doubtful accounts	-4,212	-4,749
Total current assets	<u>482,218</u>	<u>504,919</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	67,842	71,937
Machinery, equipment and vehicles, net	56,996	69,726
Tools, furniture and fixtures, net	22,174	26,875
Land	34,880	35,033
Lease assets, net	387	196
Construction in progress	14,782	11,522
Assets for rent, net	12,278	12,568
Total property, plant and equipment	<u>209,343</u>	<u>227,860</u>
Intangible assets		
Goodwill	74,304	81,374
Other	26,782	30,248
Total intangible assets	<u>101,087</u>	<u>111,623</u>
Investments and other assets		
Investment securities	21,119	18,068
Long-term loans receivable	188	461
Long-term prepaid expenses	3,361	3,438
Deferred tax assets	37,434	39,608
Other	12,233	12,596
Allowance for doubtful accounts	-849	-519
Total investments and other assets	<u>73,487</u>	<u>73,654</u>
Total noncurrent assets	<u>383,918</u>	<u>413,138</u>
Total assets	<u>866,136</u>	<u>918,058</u>

	December 31, 2009	[Millions of yen] March 31, 2009
Liabilities		
Current liabilities		
Notes and accounts payable-trade	84,084	87,105
Short-term loans payable	65,810	64,980
Current portion of long-term loans payable	10,035	12,102
Current portion of bonds	—	30,066
Accounts payable-other	27,866	36,443
Accrued expenses	24,358	27,770
Income taxes payable	4,042	2,534
Provision for bonuses	5,464	11,736
Provision for directors' bonuses	106	85
Provision for product warranties	1,730	2,496
Provision for loss on business liquidation	5,459	7,268
Notes payable-facilities	769	2,444
Other	22,165	25,853
Total current liabilities	<u>251,893</u>	<u>310,889</u>
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	89,135	83,259
Deferred tax liabilities for land revaluation	3,889	3,889
Provision for retirement benefits	60,983	57,962
Provision for directors' retirement benefits	426	534
Other	6,690	7,238
Total noncurrent liabilities	<u>201,125</u>	<u>192,884</u>
Total liabilities	<u>453,018</u>	<u>503,773</u>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	185,171	185,453
Treasury stock	-1,720	-1,662
Total shareholders' equity	<u>425,111</u>	<u>425,451</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	190	-513
Deferred gains or losses on hedges	-24	198
Foreign currency translation adjustment	-13,302	-11,755
Total valuation and translation adjustments	<u>-13,136</u>	<u>-12,070</u>
Subscription rights to shares	575	460
Minority interests	568	444
Total net assets	<u>413,117</u>	<u>414,284</u>
Total liabilities and net assets	<u>866,136</u>	<u>918,058</u>

(2) Consolidated Statements of Income
 Nine months ended December 31, 2008 and 2009

	[Millions of yen]	
	Nine months ended December 31	
	Apr-Dec 2008	Apr-Dec 2009
Net sales	746,632	588,731
Cost of sales	<u>399,632</u>	<u>330,093</u>
Gross profit	<u>347,000</u>	<u>258,638</u>
Selling, general and administrative expenses	<u>283,614</u>	<u>237,434</u>
Operating income	<u>63,385</u>	<u>21,203</u>
Non-operating income		
Interest income	1,552	1,121
Dividends income	518	332
Equity in earnings of affiliates	71	—
Other	<u>4,525</u>	<u>3,337</u>
Total non-operating income	<u>6,668</u>	<u>4,791</u>
Non-operating expenses		
Interest expenses	4,055	2,765
Equity in losses of affiliates	—	3
Foreign exchange losses	7,717	243
Other	<u>4,192</u>	<u>3,846</u>
Total non-operating expenses	<u>15,965</u>	<u>6,859</u>
Ordinary income	<u>54,088</u>	<u>19,135</u>
Extraordinary income		
Gain on sales of noncurrent assets	116	668
Gain on sales of investment securities	6	699
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	367	722
Other extraordinary income of foreign subsidiaries	—	598
Other	<u>458</u>	<u>—</u>
Total extraordinary income	<u>6,815</u>	<u>2,688</u>
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,552	2,133
Loss on sales of investment securities	0	351
Loss on valuation of investment securities	3,901	400
Impairment loss	261	164
Business structure improvement expenses	2,534	1,216
Loss on revision of retirement benefit plan	<u>2,046</u>	<u>—</u>
Total extraordinary losses	<u>10,295</u>	<u>4,264</u>
Income before income taxes and minority interests	<u>50,608</u>	<u>17,559</u>
Income taxes	23,255	8,544
Minority interests in income	<u>3</u>	<u>6</u>
Net income	<u>27,348</u>	<u>9,007</u>

Three months ended December 31, 2008 and 2009

[Millions of yen]

	Three months ended December 31	
	Oct-Dec 2008	Oct-Dec 2009
Net sales	213,661	195,390
Cost of sales	109,889	105,634
Gross profit	103,772	89,756
Selling, general and administrative expenses	89,057	77,712
Operating income	14,714	12,044
Non-operating income		
Interest income	403	363
Dividends income	158	127
Equity in earnings of affiliates	17	37
Other	370	733
Total non-operating income	950	1,261
Non-operating expenses		
Interest expenses	1,174	914
Foreign exchange losses	7,069	477
Other	1,210	1,507
Total non-operating expenses	9,454	2,898
Ordinary income	6,210	10,406
Extraordinary income		
Gain on sales of noncurrent assets	13	508
Gain on sales of investment securities	0	699
Reversal of provision for loss on business liquidation	—	25
Total extraordinary income	13	1,234
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	467	481
Loss on sales of investment securities	0	337
Loss on valuation of investment securities	3,858	177
Impairment loss	6	—
Loss on business withdrawal	18	—
Business structure improvement expenses	1,120	—
Total extraordinary losses	5,472	996
Income before income taxes and minority interests	751	10,645
Income taxes	2,683	5,163
Minority interests in income (loss)	0	8
Net income (loss)	-1,931	5,472

(3) Consolidated Statements of Cash Flow
 Nine months ended December 31, 2008 and 2009

[Millions of yen]
 Nine months ended December 31

	Apr-Dec 2008	Apr-Dec 2009
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	50,608	17,559
Depreciation and amortization	51,723	46,057
Impairment loss	261	164
Amortization of goodwill	6,460	6,987
Increase (decrease) in allowance for doubtful accounts	42	—
Interest and dividends income	-2,071	-1,453
Interest expenses	4,055	2,765
Loss (gain) on sales and retirement of noncurrent assets	1,436	1,464
Loss (gain) on sales and valuation of investment securities	3,895	51
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	-367	—
Business structure improvement expenses	2,534	—
Loss on revision of retirement benefit plan	2,046	—
Increase (decrease) in provision for bonuses	-8,615	-6,258
Increase (decrease) in provision for retirement benefits	5,021	3,849
Increase (decrease) in provision for loss on business liquidation	-2,905	-1,809
Decrease (increase) in notes and accounts receivable-trade	29,242	5,943
Decrease (increase) in inventories	-21,168	24,648
Increase (decrease) in notes and accounts payable-trade	12,156	-1,587
Transfer of Assets for rent	-4,681	-5,290
Decrease (increase) in accounts receivable-other	—	2,503
Increase (decrease) in accounts payable-other and accrued expenses	—	-7,526
Increase (decrease) in deposits received	—	2,153
Decrease/increase in consumption taxes receivable/payable	—	3,730
Increase (decrease) in accrued consumption taxes	-389	—
Reversal of Accumulated impairment loss on leased assets	-106	—
Other, net	-4,567	-4,686
Subtotal	<u>118,747</u>	<u>89,265</u>
Interest and dividends income received	2,056	1,632
Interest expenses paid	-3,882	-2,797
Payments for extra retirement payments	-105	—
Income taxes paid	-34,225	—
Income taxes (paid) refund	—	402
Net cash provided by (used in) operating activities	<u>82,590</u>	<u>88,503</u>

[Millions of yen]
 Nine months ended December 31

	Apr-Dec 2008	Apr-Dec 2009
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-50,217	-26,432
Proceeds from sales of property, plant and equipment	1,511	1,029
Purchase of intangible assets	-5,260	-3,337
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	-27,987	—
Payments of loans receivable	-239	-105
Collection of loans receivable	183	145
Purchase of investment securities	-988	-2,913
Proceeds from sales of investment securities	18	1,197
Payments for other investments	-1,012	-860
Other, net	42	502
Net cash provided by (used in) investing activities	<u>-76,187</u>	<u>-30,774</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-5,944	-127
Proceeds from long-term loans payable	8,348	16,097
Repayment of long-term loans payable	-4,183	-12,293
Redemption of bonds	-5,000	-30,000
Repayments of lease obligations	-1,661	-1,583
Proceeds from sales of treasury stock	215	9
Purchase of treasury stock	-656	-77
Cash dividends paid	-9,135	-9,128
Cash dividends paid to minority shareholders	-268	—
Net cash provided by (used in) financing activities	<u>-18,286</u>	<u>-37,104</u>
Effect of exchange rate change on cash and cash equivalents	<u>-8,972</u>	<u>1,876</u>
Net increase (decrease) in cash and cash equivalents	<u>-20,856</u>	<u>22,500</u>
Cash and cash equivalents at beginning of period	<u>122,187</u>	<u>133,727</u>
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	498	—
Cash and cash equivalents at end of period	<u>101,829</u>	<u>156,228</u>