

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

March 31, 2009 and 2010

[Millions of yen]

March 31, 2009

March 31, 2010

Consolidated balance sheets

Assets

Current assets

Cash and deposits	85,753	85,533
Notes and accounts receivable-trade	171,835	177,720
Lease receivables and investment assets	13,598	13,993
Short-term investment securities	48,000	79,000
Inventories	129,160	98,263
Deferred tax assets	25,326	19,085
Accounts receivable-other	16,531	7,639
Other	19,463	12,720
Allowance for doubtful accounts	(4,749)	(4,703)
Total current assets	504,919	489,253

Noncurrent assets

Property, plant and equipment

Buildings and structures, net	71,937	66,708
Machinery, equipment and vehicles, net	69,726	52,782
Tools, furniture and fixtures, net	26,875	22,026
Land	35,033	34,320
Lease assets, net	196	366
Construction in progress	11,522	16,901
Assets for rent, net	12,568	11,952
Total property, plant and equipment	227,860	205,057

Intangible assets

Goodwill	81,374	71,936
Other	30,248	27,137
Total intangible assets	111,623	99,074

Investments and other assets

Investment securities	18,068	22,029
Long-term loans receivable	461	164
Long-term prepaid expenses	3,438	3,353
Deferred tax assets	39,608	35,304
Other	12,596	12,375
Allowance for doubtful accounts	(519)	(815)
Total investments and other assets	73,654	72,411

Total noncurrent assets

Total noncurrent assets	413,138	376,544
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Total assets

Total assets	918,058	865,797
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	March 31, 2009	[Millions of yen] March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	87,105	83,118
Short-term loans payable	64,980	58,231
Current portion of long-term loans payable	12,102	27,501
Current portion of bonds	30,066	—
Accounts payable-other	36,443	30,536
Accrued expenses	27,770	24,882
Income taxes payable	2,534	2,488
Provision for bonuses	11,736	11,173
Provision for directors' bonuses	85	149
Provision for product warranties	2,496	1,869
Provision for loss on business liquidation	7,268	4,714
Notes payable-facilities	2,444	562
Other	25,853	22,086
Total current liabilities	310,889	267,313
Noncurrent liabilities		
Bonds payable	40,000	40,000
Long-term loans payable	83,259	71,625
Deferred tax liabilities for land revaluation	3,889	3,733
Provision for retirement benefits	57,962	54,245
Provision for directors' retirement benefits	534	450
Other	7,238	7,654
Total noncurrent liabilities	192,884	177,708
Total liabilities	503,773	445,022
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	185,453	193,790
Treasury stock	(1,662)	(1,743)
Total shareholders' equity	425,451	433,707
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(513)	741
Deferred gains or losses on hedges	198	33
Foreign currency translation adjustment	(11,755)	(14,947)
Total valuation and translation adjustments	(12,070)	(14,172)
Subscription rights to shares	460	617
Minority interests	444	622
Total net assets	414,284	420,775
Total liabilities and net assets	918,058	865,797

(2) Consolidated Statements of Income

Fiscal years ended March 31, 2009 and 2010

[Millions of yen]

	March 31	
	2009	2010
Consolidated statements of income		
Net sales	947,843	804,465
Cost of sales	520,206	439,978
Gross profit	427,637	364,486
Selling, general and administrative expenses	371,376	320,498
Operating income	56,260	43,988
Non-operating income		
Interest income	1,655	1,749
Dividends income	520	358
Equity in earnings of affiliates	—	81
Other	5,748	5,654
Total non-operating income	7,925	7,843
Non-operating expenses		
Interest expenses	4,866	3,808
Equity in losses of affiliates	99	—
Foreign exchange losses	7,272	1,124
Other	6,544	6,079
Total non-operating expenses	18,782	11,013
Ordinary income	45,403	40,818
Extraordinary income		
Gain on sales of noncurrent assets	249	853
Gain on sales of investment securities	6	699
Gain on sales of subsidiaries and affiliates' stocks	2,803	—
Licence related income	560	257
Gain on transfer of business	3,063	—
Reversal of provision for loss on business liquidation	932	1,025
Other extraordinary income of foreign subsidiaries	—	757
Other	458	—
Total extraordinary income	8,073	3,593
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,115	2,833
Loss on sales of investment securities	0	351
Loss on valuation of investment securities	3,826	499
Impairment loss	1,168	2,561
Business structure improvement expenses	10,094	2,084
Loss on revision of retirement benefit plan	2,046	—
Total extraordinary losses	20,252	8,329
Income before income taxes and minority interests	33,224	36,082
Income taxes-current	13,183	9,306
Income taxes-deferred	4,857	9,806
Total income taxes	18,040	19,113
Minority interests in income	5	37
Net income	15,179	16,931

(3) Consolidated Statements of Changes in Net Assets

Fiscal years ended March 31, 2009 and 2010

[Millions of yen]

	March 31	
	2009	2010
Consolidated statements of changes in net assets		
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	204,140	204,140
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	204,140	204,140
Retained earnings		
Balance at the end of previous period	176,684	185,453
Effect of changes in accounting policies applied to foreign	5,210	—
Changes of items during the period		
Dividends from surplus	(9,283)	(9,280)
Net income	15,179	16,931
Change of scope of consolidation	96	—
Disposal of treasury stock	(117)	(11)
Amortization of net retirement benefit obligation in foreign	(2,316)	697
Total changes of items during the period	3,558	8,337
Balance at the end of current period	185,453	193,790
Treasury stock		
Balance at the end of previous period	(1,340)	(1,662)
Changes of items during the period		
Purchase of treasury stock	(665)	(106)
Disposal of treasury stock	343	25
Total changes of items during the period	(321)	(81)
Balance at the end of current period	(1,662)	(1,743)
Total shareholders' equity		
Balance at the end of previous period	417,003	425,451
Effect of changes in accounting policies applied to foreign	5,210	—
Changes of items during the period		
Dividends from surplus	(9,283)	(9,280)
Net income	15,179	16,931
Change of scope of consolidation	96	—
Purchase of treasury stock	(665)	(106)
Disposal of treasury stock	226	14
Amortization of net retirement benefit obligation in foreign	(2,316)	697
Total changes of items during the period	3,236	8,256
Balance at the end of current period	425,451	433,707

[Millions of yen]

	March 31	
	2009	2010
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,913	(513)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,426)	1,255
Total changes of items during the period	(3,426)	1,255
Balance at the end of current period	(513)	741
Deferred gains or losses on hedges		
Balance at the end of previous period	(319)	198
Changes of items during the period		
Net changes of items other than shareholders' equity	517	(164)
Total changes of items during the period	517	(164)
Balance at the end of current period	198	33
Foreign currency translation adjustment		
Balance at the end of previous period	(2,431)	(11,755)
Changes of items during the period		
Net changes of items other than shareholders' equity	(9,323)	(3,192)
Total changes of items during the period	(9,323)	(3,192)
Balance at the end of current period	(11,755)	(14,947)
Total valuation and translation adjustments		
Balance at the end of previous period	162	(12,070)
Changes of items during the period		
Net changes of items other than shareholders' equity	(12,232)	(2,101)
Total changes of items during the period	(12,232)	(2,101)
Balance at the end of current period	(12,070)	(14,172)
Subscription rights to shares		
Balance at the end of previous period	286	460
Changes of items during the period		
Net changes of items other than shareholders' equity	174	157
Total changes of items during the period	174	157
Balance at the end of current period	460	617
Minority interests		
Balance at the end of previous period	858	444
Changes of items during the period		
Net changes of items other than shareholders' equity	(414)	178
Total changes of items during the period	(414)	178
Balance at the end of current period	444	622

[Millions of yen]

	March 31	
	2009	2010
Total net assets		
Balance at the end of previous period	418,310	414,284
Effect of changes in accounting policies applied to foreign	5,210	—
Changes of items during the period		
Dividends from surplus	(9,283)	(9,280)
Net income	15,179	16,931
Change of scope of consolidation	96	—
Purchase of treasury stock	(665)	(106)
Disposal of treasury stock	226	14
Amortization of net retirement benefit obligation in foreign	(2,316)	697
Net changes of items other than shareholders' equity	(12,473)	(1,766)
Total changes of items during the period	(9,236)	6,490
Balance at the end of current period	414,284	420,775

(4) Consolidated Statements of Cash Flow
Fiscal years ended March 31, 2009 and 2010

[Millions of yen]

	March 31	
	2009	2010
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	33,224	36,082
Depreciation and amortization	70,179	61,174
Impairment loss	1,168	2,561
Amortization of goodwill	8,909	9,233
Interest and dividends income	(2,176)	(2,107)
Interest expenses	4,866	3,808
Loss (gain) on sales and retirement of noncurrent assets	2,866	1,980
Loss (gain) on sales and valuation of investment securities	3,820	150
Loss (gain) on sales and valuation of subsidiaries/affiliates' stocks	(2,803)	—
Loss (gain) on transfer of business	(3,063)	—
Increase (decrease) in provision for bonuses	(3,290)	(544)
Increase (decrease) in provision for retirement benefits	5,708	(2,926)
Increase (decrease) in provision for loss on business liquidation	(4,459)	(2,553)
Decrease (increase) in notes and accounts receivable-trade	50,596	(10,718)
Decrease (increase) in inventories	(3,550)	28,688
Increase (decrease) in notes and accounts payable-trade	(10,372)	(451)
Transfer of assets for rent	(7,419)	(7,707)
Decrease (increase) in accounts receivable-other	4,545	1,900
Increase (decrease) in accounts payable-other and accrued expenses	(12,821)	(6,554)
Decrease/increase in consumption taxes receivable/payable	952	3,646
Other, net	8,058	889
Subtotal	144,939	116,551
Interest and dividends income received	2,000	2,271
Interest expenses paid	(4,594)	(3,874)
Payments for extra retirement payments	(105)	—
Income taxes (paid) refund	(34,676)	(1,572)
Net cash provided by (used in) operating activities	107,563	113,377

[Millions of yen]

March 31

	2009	2010
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(61,645)	(33,687)
Proceeds from sales of property, plant and equipment	1,767	1,663
Purchase of intangible assets	(7,774)	(5,837)
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	(286)	(296)
Collection of loans receivable	216	254
Purchase of investment securities	(990)	(2,927)
Proceeds from sales of investment securities	18	1,197
Payments of valuation of other investments	(1,440)	(1,207)
Other, net	191	383
Net cash provided by (used in) investing activities	(90,169)	(40,457)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(16,504)	(6,266)
Proceeds from long-term loans payable	44,817	16,005
Repayment of long-term loans payable	(6,364)	(12,237)
Redemption of bonds	(5,000)	(30,000)
Repayments of lease obligations	(1,993)	(1,938)
Proceeds from sales of treasury stock	218	14
Purchase of treasury stock	(665)	(109)
Cash dividends paid	(9,279)	(9,271)
Cash dividends paid to minority shareholders	(268)	—
Net cash provided by (used in) financing activities	4,959	(43,803)
Effect of exchange rate change on cash and cash equivalents	(11,311)	1,302
Net increase (decrease) in cash and cash equivalents	11,041	30,418
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	133,727	164,146