

## 4. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

Fiscal year ended March 31, 2010 and 2011

	[Millions of yen]	
	March 31, 2010	March 31, 2011
Consolidated balance sheets		
<b>Assets</b>		
Current assets		
Cash and deposits	85,533	87,886
Notes and accounts receivable-trade	177,720	163,363
Lease receivables and investment assets	13,993	14,327
Short-term investment securities	79,000	87,261
Inventories	98,263	100,243
Deferred tax assets	19,085	30,393
Accounts receivable-other	7,639	10,536
Other	12,720	12,084
Allowance for doubtful accounts	(4,703)	(4,220)
<b>Total current assets</b>	<b>489,253</b>	<b>501,876</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	66,708	69,372
Machinery, equipment and vehicles, net	52,782	51,530
Tools, furniture and fixtures, net	22,026	20,154
Land	34,320	33,777
Lease assets, net	366	488
Construction in progress	16,901	6,589
Assets for rent, net	11,952	8,788
<b>Total property, plant and equipment</b>	<b>205,057</b>	<b>190,701</b>
Intangible assets		
Goodwill	71,936	63,146
Other	27,137	25,225
<b>Total intangible assets</b>	<b>99,074</b>	<b>88,371</b>
Investments and other assets		
Investment securities	22,029	20,893
Long-term loans receivable	164	154
Long-term prepaid expenses	3,353	3,030
Deferred tax assets	35,304	30,404
Other	12,375	10,752
Allowance for doubtful accounts	(815)	(732)
<b>Total investments and other assets</b>	<b>72,411</b>	<b>64,504</b>
<b>Total noncurrent assets</b>	<b>376,544</b>	<b>343,577</b>
<b>Total assets</b>	<b>865,797</b>	<b>845,453</b>

	March 31, 2010	March 31, 2011
[Millions of yen]		
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	83,118	74,640
Short-term loans payable	58,231	50,018
Current portion of long-term loans payable	27,501	24,516
Accounts payable-other	30,536	31,490
Accrued expenses	24,882	24,282
Income taxes payable	2,488	5,199
Provision for bonuses	11,173	10,911
Provision for directors' bonuses	149	130
Provision for product warranties	1,869	1,622
Provision for loss on business liquidation	4,714	26
Notes payable-facilities	562	585
Asset retirement obligations	—	42
Other	22,086	19,013
<b>Total current liabilities</b>	<b>267,313</b>	<b>242,480</b>
Noncurrent liabilities		
Bonds payable	40,000	70,000
Long-term loans payable	71,625	48,033
Deferred tax liabilities for land revaluation	3,733	3,733
Provision for retirement benefits	54,245	44,734
Provision for directors' retirement benefits	450	329
Asset retirement obligations	—	963
Other	7,654	6,192
<b>Total noncurrent liabilities</b>	<b>177,708</b>	<b>173,985</b>
<b>Total liabilities</b>	<b>445,022</b>	<b>416,465</b>
Net assets		
Shareholders' equity		
Capital stock	37,519	37,519
Capital surplus	204,140	204,140
Retained earnings	193,790	211,467
Treasury stock	(1,743)	(1,670)
<b>Total shareholders' equity</b>	<b>433,707</b>	<b>451,457</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	741	478
Deferred gains or losses on hedges	33	(94)
Foreign currency translation adjustment	(14,947)	(24,193)
<b>Total accumulated other comprehensive income</b>	<b>(14,172)</b>	<b>(23,809)</b>
Subscription rights to shares	617	658
Minority interests	622	682
<b>Total net assets</b>	<b>420,775</b>	<b>428,987</b>
<b>Total liabilities and net assets</b>	<b>865,797</b>	<b>845,453</b>

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive****Consolidated Statements of Income****Fiscal year ended March 31, 2010 and 2011**

[Millions of yen]

	March 31, 2010	March 31, 2011
Net sales	804,465	777,953
Cost of sales	439,978	423,372
Gross profit	364,486	354,580
Selling, general and administrative expenses	320,498	314,558
Operating income	43,988	40,022
Non-operating income		
Interest income	1,749	1,434
Dividends income	358	372
Equity in earnings of affiliates	81	112
Other	5,654	3,975
Total non-operating income	7,843	5,895
Non-operating expenses		
Interest expenses	3,808	3,129
Foreign exchange losses	1,124	3,762
Other	6,079	5,869
Total non-operating expenses	11,013	12,761
Ordinary income	40,818	33,155
Extraordinary income		
Gain on sales of noncurrent assets	853	456
Gain on sales of investment securities	699	5
Gain on sales of subsidiaries and affiliates' stocks	—	12
Licence related income	257	—
Reversal of provision for loss on business liquidation	1,025	2,498
Other extraordinary income of foreign subsidiaries	757	505
Total extraordinary income	3,593	3,477
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,833	1,983
Loss on sales of investment securities	351	2
Loss on valuation of investment securities	499	680
Impairment loss	2,561	1,027
Business structure improvement expenses	2,084	3,394
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	983
Loss on disaster	—	450
Total extraordinary losses	8,329	8,521
Income before income taxes and minority interests	36,082	28,111
Income taxes-current	9,306	9,580
Income taxes-deferred	9,806	(7,420)
Total income taxes	19,113	2,160
Income before minority interests	—	25,951
Minority interests in income	37	54
Net income	16,931	25,896

**Consolidated Statements of Comprehensive Income**  
**Fiscal year ended March 31, 2010 and 2011**

	[Millions of yen]	
	March 31, 2010	March 31, 2011
Income before minority interests	—	25,951
Other comprehensive income		
Valuation difference on available-for-sale securities	—	(261)
Deferred gains or losses on hedges	—	(128)
Foreign currency translation adjustment	—	(9,291)
Share of other comprehensive income of associates accounted for using equity method	—	(1)
Total other comprehensive income	—	(9,683)
Comprehensive income	—	16,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	16,258
Comprehensive income attributable to minority interests	—	8

**(3) Consolidated Statements of Changes in Net Assets**

Fiscal year ended March 31, 2010 and 2011

	[Millions of yen]	
	March 31, 2010	March 31, 2011
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	185,453	193,790
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Disposal of treasury stock	(11)	(54)
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
Total changes of items during the period	8,337	17,676
Balance at the end of current period	193,790	211,467
Treasury stock		
Balance at the end of previous period	(1,662)	(1,743)
Changes of items during the period		
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	25	148
Total changes of items during the period	(81)	72
Balance at the end of current period	(1,743)	(1,670)

	[Millions of yen]	
	March 31, 2010	March 31, 2011
<b>Total shareholders' equity</b>		
Balance at the end of previous period	425,451	433,707
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	14	94
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
<b>Total changes of items during the period</b>	<b>8,256</b>	<b>17,749</b>
<b>Balance at the end of current period</b>	<b>433,707</b>	<b>451,457</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(513)	741
Changes of items during the period		
Net changes of items other than shareholders' equity	1,255	(263)
<b>Total changes of items during the period</b>	<b>1,255</b>	<b>(263)</b>
<b>Balance at the end of current period</b>	<b>741</b>	<b>478</b>

	March 31, 2010	March 31, 2011
		[Millions of yen]
Deferred gains or losses on hedges		
Balance at the end of previous period	198	33
Changes of items during the period		
Net changes of items other than shareholders' equity	(164)	(128)
Total changes of items during the period	(164)	(128)
Balance at the end of current period	33	(94)
Foreign currency translation adjustment		
Balance at the end of previous period	(11,755)	(14,947)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,192)	(9,245)
Total changes of items during the period	(3,192)	(9,245)
Balance at the end of current period	(14,947)	(24,193)
Total accumulated other comprehensive income		
Balance at the end of previous period	(12,070)	(14,172)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,101)	(9,637)
Total changes of items during the period	(2,101)	(9,637)
Balance at the end of current period	(14,172)	(23,809)
Subscription rights to shares		
Balance at the end of previous period	460	617
Changes of items during the period		
Net changes of items other than shareholders' equity	157	41
Total changes of items during the period	157	41
Balance at the end of current period	617	658
Minority interests		
Balance at the end of previous period	444	622
Changes of items during the period		
Net changes of items other than shareholders' equity	178	59
Total changes of items during the period	178	59
Balance at the end of current period	622	682
Total net assets		
Balance at the end of previous period	414,284	420,775
Changes of items during the period		
Dividends from surplus	(9,280)	(7,953)
Net income	16,931	25,896
Purchase of treasury stock	(106)	(76)
Disposal of treasury stock	14	94
Amortization of net retirement benefit obligation in foreign subsidiaries	697	(211)
Net changes of items other than shareholders' equity	(1,766)	(9,536)
Total changes of items during the period	6,490	8,212
Balance at the end of current period	420,775	428,987

**(4) Consolidated Statements of Cash Flow**  
**Fiscal year ended March 31, 2010 and 2011**

	[Millions of yen]	
	March 31, 2010	March 31, 2011
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes and minority interests	36,082	28,111
Depreciation and amortization	61,174	55,129
Impairment loss	2,561	1,027
Amortization of goodwill	9,233	8,401
Interest and dividends income	(2,107)	(1,807)
Interest expenses	3,808	3,129
Loss (gain) on sales and retirement of noncurrent assets	1,980	1,526
Loss (gain) on sales and valuation of investment securities	150	678
Increase (decrease) in provision for bonuses	(544)	(203)
Increase (decrease) in provision for retirement benefits	(2,926)	(8,358)
Increase (decrease) in provision for loss on business liquidation	(2,553)	(4,688)
Decrease (increase) in notes and accounts receivable-trade	(10,718)	3,411
Decrease (increase) in inventories	28,688	(7,800)
Increase (decrease) in notes and accounts payable-trade	(451)	433
Transfer of assets for rent	(7,707)	(5,324)
Decrease (increase) in accounts receivable-other	1,900	(543)
Increase (decrease) in accounts payable-other and accrued expenses	(6,554)	2,402
Decrease/increase in consumption taxes receivable/payable	3,646	(479)
Other, net	889	3,603
<b>Subtotal</b>	<b>116,551</b>	<b>78,650</b>
Interest and dividends income received	2,271	1,808
Interest expenses paid	(3,874)	(3,098)
Income taxes (paid) refund	(1,572)	(9,402)
<b>Net cash provided by (used in) operating activities</b>	<b>113,377</b>	<b>67,957</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(33,687)	(37,026)
Proceeds from sales of property, plant and equipment	1,663	1,155
Purchase of intangible assets	(5,837)	(5,808)
Proceeds from transfer of business	—	577
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(2,508)
Payments of loans receivable	(296)	(475)
Collection of loans receivable	254	240
Purchase of investment securities	(2,927)	(96)
Proceeds from sales of investment securities	1,197	29
Payments of valuation of other investments	(1,207)	(1,271)
Other, net	383	445
<b>Net cash provided by (used in) investing activities</b>	<b>(40,457)</b>	<b>(44,738)</b>

	[Millions of yen]	
	March 31, 2010	March 31, 2011
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	(6,266)	(6,551)
Proceeds from long-term loans payable	16,005	989
Repayment of long-term loans payable	(12,237)	(27,565)
Proceeds from issuance of bonds	—	30,000
Redemption of bonds	(30,000)	—
Repayments of lease obligations	(1,938)	(1,838)
Proceeds from sales of treasury stock	14	4
Purchase of treasury stock	(109)	(76)
Cash dividends paid	(9,271)	(7,942)
Proceeds from stock issuance to minority shareholders	—	51
Net cash provided by (used in) financing activities	(43,803)	(12,928)
<b>Effect of exchange rate change on cash and cash equivalents</b>	1,302	711
<b>Net increase (decrease) in cash and cash equivalents</b>	30,418	11,002
<b>Cash and cash equivalents at beginning of period</b>	133,727	164,146
<b>Cash and cash equivalents at end of period</b>	164,146	175,148