

## 4. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

Millions of yen

	As of December 31, 2009	As of March 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and time deposits.....	30,159	32,978
Accounts and notes receivable .....	120,869	109,984
Merchandise and products.....	43,863	46,498
Work in progress .....	8,970	9,283
Raw materials and supplies .....	10,971	11,846
Deferred tax assets .....	9,250	11,633
Short-term loans.....	40,342	47,267
Other current assets.....	12,313	10,136
(Less) Allowance for doubtful accounts .....	(153)	(152)
Total current assets.....	276,587	279,475
Fixed assets:		
Tangible fixed assets		
Buildings and structures .....	146,096	147,416
Accumulated depreciation and accumulated impairment loss .....	(107,203)	(102,361)
Buildings and structures (net) .....	38,893	45,055
Machinery and equipment .....	204,828	200,985
Accumulated depreciation and accumulated impairment loss .....	(178,836)	(174,764)
Machinery and equipment (net).....	25,992	26,220
Land .....	71,993	74,179
Construction in progress.....	17,588	6,423
Other.....	51,413	51,003
Accumulated depreciation and accumulated impairment loss .....	(43,321)	(42,484)
Other (net).....	8,091	8,518
Total tangible fixed assets.....	162,559	160,398
Intangible fixed assets		
Goodwill.....	170,054	177,275
Other .....	4,067	3,353
Intangible fixed assets .....	174,122	180,628
Investments and other assets:		
Investment securities .....	66,422	62,354
Long-term loans.....	496	515
Deferred tax assets .....	4,263	3,014
Other investments and other assets.....	12,267	13,600
Allowance for doubtful accounts.....	(1,451)	(947)
Total investments and other assets .....	81,998	78,538
Total fixed assets .....	418,680	419,565
Total assets .....	695,268	699,041

## Consolidated Balance Sheets (continued)

Millions of yen

	As of December 31, 2009	As of March 31, 2009
<b>LIABILITIES</b>		
Current liabilities:		
Accounts and notes payable .....	48,965	41,960
Short-term bank loans .....	12,690	12,750
Accrued expenses .....	32,364	24,882
Income taxes payable .....	7,312	13,556
Reserve for sales rebates .....	283	439
Reserve for bonuses .....	1,225	4,116
Reserve for repairs .....	1,051	1,115
Other .....	5,944	9,469
Total current liabilities .....	109,838	108,290
Long-term liabilities:		
Corporate bonds .....	--	60
Long-term debt .....	537	730
Deferred tax liabilities .....	14,646	17,143
Retirement benefit allowance .....	27,268	26,684
Directors' retirement benefit allowance .....	107	188
Other long-term liabilities .....	2,526	2,874
Total long-term liabilities .....	45,086	47,680
Total liabilities .....	154,924	155,970
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock .....	26,745	26,745
Capital surplus .....	512,398	512,418
Retained earnings .....	7,093	10,432
Treasury stock .....	(6,932)	(2,392)
Total shareholders' equity .....	539,304	547,203
Valuation and translation adjustments		
Valuation difference on other marketable securities .....	475	(4,732)
Deferred gains (losses) on hedges .....	3	4
Foreign exchange adjustment account .....	(3,956)	(3,920)
Total valuation and translation adjustments .....	(3,478)	(8,648)
Subscription rights to shares .....	196	188
Minority interests .....	4,321	4,326
Total net assets .....	540,343	543,070
Total liabilities and net assets .....	695,268	699,041

**(2) Consolidated Statements of Income**

	<i>Millions of yen</i>	
	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
Net sales .....	309,111	460,183
Cost of sales .....	169,371	259,886
Gross profit.....	139,739	200,297
Selling, general and administrative expenses:		
Transportation .....	2,049	4,209
Sales promotion .....	8,971	11,289
Addition to allowance for doubtful accounts.....	273	100
Salaries .....	16,914	23,957
Bonuses .....	6,548	8,916
Addition to bonus reserve .....	1,086	1,718
Employee retirement benefit expense .....	2,614	2,546
Depreciation .....	723	779
Research and development .....	34,795	48,094
Amortization of goodwill .....	7,042	9,673
Others.....	30,477	43,624
Total sales, general and administrative expenses:	111,496	154,910
Operating income.....	28,243	45,387
Other income:		
Interest income.....	443	688
Dividend income.....	914	2,394
Currency exchange gain .....	--	135
Income from equity method investments .....	1,558	1,211
Others.....	1,095	1,441
Total other income .....	4,012	5,871
Other expenses:		
Interest expense.....	244	523
Loss on foreign exchange .....	112	--
Loss on sale of disposal of assets .....	1,163	2,483
Addition to allowance for doubtful accounts.....	312	--
Others.....	943	1,839
Total other expenses .....	2,776	4,846
Recurring income .....	29,479	46,412

## Consolidated Statements of Income (continued)

	<i>Millions of yen</i>	
	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
Extraordinary income:		
Gain on sale of fixed assets.....	27	--
Gain on sale of shares in affiliates.....	--	4,721
Gain on sale of investments in affiliates.....	--	1,354
Total extraordinary income.....	27	6,075
Extraordinary losses:		
Extraordinary depreciation of fixed assets.....	3,299	762
Asset impairment losses.....	2,671	5,724
Loss on change in equity holdings .....	1,379	--
Loss on sale of investment securities .....	991	--
Valuation loss on investment securities.....	537	6,634
Integration-related expenses .....	--	5,514
Compensation payments.....	--	1,937
Others.....	--	977
Total extraordinary losses .....	8,878	21,550
Income before income taxes .....	20,628	30,937
Corporate, local, and enterprise taxes.....	16,450	20,799
Corporate tax adjustment.....	(4,819)	(1,865)
Total corporate taxes .....	11,631	18,934
Income (loss) in minority interests in consolidated subsidiaries .....	199	276
Net income .....	8,797	11,726

**(3) Consolidated Statements of Changes in Shareholders' Equity***Millions of yen, rounded down*

	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
Shareholders' equity		
Common stock		
Balance at end of previous period .....	26,745	26,745
Changes during the period		
Balance of acquired company at end of previous period .....	--	(26,745)
Balance of acquiring company at beginning of period .....	--	3,000
Increase from share exchange .....	--	23,745
Total change during the period .....	--	--
Balance at end of period .....	26,745	26,745
Capital surplus		
Balance at end of previous period .....	512,418	43,180
Changes during the period		
Balance of acquired company at end of previous period .....	--	(43,180)
Balance of acquiring company at beginning of period .....	--	56,813
Increase from share exchange .....	--	455,618
Disposal of treasury stock .....	(19)	(14)
Total change during the period .....	(19)	469,237
Balance at end of period .....	512,398	512,418
Retained surplus		
Balance at end of previous period .....	10,432	170,947
Changes during the period		
Balance of acquired company at end of previous period .....	--	(170,947)
Balance of acquiring company at beginning of the period .....	--	4,445
Dividends .....	(11,434)	(5,739)
Net income .....	8,797	11,726
Changes to scope of consolidation .....	(811)	--
Increase from merger .....	109	--
Total change during the period .....	(3,339)	(160,515)
Balance at end of period .....	7,093	10,432
Treasury stock		
Balance at end of previous period .....	(2,392)	(1,544)
Changes during the period		
Balance of acquired company at end of previous period .....	--	1,544
Balance of acquiring company at beginning of period .....	--	(1,544)
Acquisition of treasury stock .....	(4,637)	(1,001)
Disposal of treasury stock .....	97	153
Total change during the period .....	(4,539)	(848)
Balance at end of period .....	(6,932)	(2,392)

## Consolidated Statements of Changes in Shareholders' Equity (cont.)

Millions of yen, rounded down

	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
Total shareholders' equity		
Balance at end of previous period.....	547,203	239,328
Changes during the period		
Balance of acquired company at end of previous period.	--	(239,328)
Balance of acquiring company at beginning of period ...	--	64,258
Increase from share exchange .....	--	477,819
Dividends .....	(11,434)	(5,739)
Net income .....	8,797	11,726
Acquisition of treasury stock .....	(4,637)	(1,001)
Disposal of treasury stock .....	78	138
Changes to scope of consolidation .....	(811)	--
Increase from merger .....	109	--
Total change during the period .....	(7,898)	307,874
Balance at end of period .....	539,304	547,203
Valuation, translation adjustments and others		
Unrealized holding gain on securities		
Balance at end of previous period.....	(4,732)	15,348
Changes during the period		
Balance of acquired company at end of previous period	--	(15,348)
Balance of acquiring company at beginning of period ...	--	(163)
Net changes in items other than shareholders' equity...	5,208	(4,569)
Total change during the period .....	5,208	(20,081)
Balance at end of period .....	475	(4,732)
Unrealized gain from hedging instruments		
Balance at end of previous period.....	4	(9)
Changes during the period		
Balance of acquired company at end of previous period	--	9
Net changes in items other than shareholders' equity....	(1)	4
Total change during the period .....	(1)	13
Balance at end of period .....	3	4
Translation adjustments		
Balance at end of previous period.....	(3,920)	(378)
Changes during the period		
Balance of acquired company at end of previous period	--	378
Balance of acquiring company at beginning of period....	--	(867)
Net changes in items other than shareholders' equity....	(36)	(3,052)
Total change during the period .....	(36)	(3,541)
Balance at end of period .....	(3,956)	(3,920)

## Consolidated Statements of Changes in Shareholders' Equity (cont.)

Millions of yen, rounded down

	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
Total valuation translation adjustments and others		
Balance at end of previous period.....	(8,648)	14,960
Changes during the period		
Balance of acquired company at end of previous period	--	(14,960)
Balance of acquiring company at beginning of period ...	--	(1,031)
Net changes in items other than shareholders' equity ...	5,170	(7,617)
Total change during the period.....	5,170	(23,609)
Balance at end of period .....	(3,478)	(8,648)
Subscription rights to shares		
Balance at end of previous period.....	188	156
Changes during the period		
Balance of acquired company at end of previous period	--	(156)
Net changes in items other than shareholders' equity ...	7	188
Total change during the period.....	7	32
Balance at end of period .....	196	188
Minority interests		
Balance at end of previous period.....	4,326	2,312
Changes during the period		
Balance of acquired company at end of previous period	--	(2,312)
Balance of acquiring company at beginning of period ...	--	1,452
Net changes in items other than shareholders' equity....	(5)	2,874
Total change during the period.....	(5)	2,014
Balance at end of period .....	4,321	4,326
Total net assets		
Balance at end of previous period.....	543,070	256,758
Changes during the period		
Balance of acquired company at end of previous period	--	(256,758)
Balance of acquiring company at beginning of period ...	--	64,679
Increase from share exchange .....	--	477,819
Dividends.....	(11,434)	(5,739)
Net income .....	8,797	11,726
Acquisition of treasury stock.....	(4,637)	(1,001)
Disposal of treasury stock .....	78	138
Changes to scope of consolidation.....	(811)	--
Increase from merger .....	109	--
Net changes in items other than shareholders' equity....	5,172	(4,554)
Changes during the period .....	(2,726)	286,311
Balance at end of period .....	540,343	543,070

#### (4) Consolidated Statements of Cash Flows

Millions of Yen

	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
<b>Cash flows from operating activities:</b>		
Income before income taxes .....	20,628	30,937
Depreciation and amortization.....	17,003	18,779
Asset impairment losses .....	2,671	5,724
Amortization of goodwill .....	7,181	9,859
Increase in retirement benefit allowance.....	576	214
Decrease (increase) in prepaid pension expenses .....	823	(3,670)
(Decrease) in reserve for bonus payments .....	(2,891)	(113)
Increase (decrease) in allowance for bad debts .....	501	(548)
Interest and dividend income .....	(1,357)	(3,083)
Interest expenses.....	244	523
(Income) from equity method investments .....	(1,558)	(1,211)
Loss on sales of tangible fixed assets .....	277	1,000
Loss (gain) on sales of investment securities.....	981	(4,694)
Loss on revaluation of investment securities.....	537	6,634
(Increase) decrease in trade receivables .....	(9,813)	14,456
Decrease (increase) in inventories.....	4,588	(5,148)
Increase (decrease) in trade payables .....	6,187	(10,856)
Others .....	(1,968)	(1,251)
Sub-total .....	44,612	57,551
Interest and dividend income	1,535	4,050
Interest payments.....	(258)	(495)
Corporate etc. tax payments.....	(21,685)	(20,037)
<b>Net cash provided by operating activities.....</b>	<b>24,203</b>	<b>41,069</b>



## Consolidated Statements of Cash Flows (continued)

Millions of Yen

	April 1, 2009 to December 31, 2009	April 1, 2008 to March 31, 2009
<b>Cash flows from investing activities:</b>		
Payments for purchase of property, plant & equipment .....	(19,777)	(18,230)
Proceeds from sale of property, plant, and equipment .....	2,283	338
Payments for purchase of investment securities .....	(2,217)	(149)
Proceeds from sale of investment securities .....	4,023	86
Proceeds from sale of shares in subsidiaries following changes to the scope of consolidation .....	--	16,908
Transfer to fixed-term deposits .....	(4,135)	(7,040)
Proceeds from redemptions of fixed-term deposits .....	3,212	3,078
Net decrease in short-term debt .....	4,690	--
Others .....	(1,326)	1,028
<b>Net cash (used in) investing activities .....</b>	<b>(13,246)</b>	<b>(3,981)</b>
<b>Cash flows from financing activities:</b>		
Net (decrease) in short-term debt .....	(383)	(6)
Proceeds from long-term borrowing .....	--	491
Repayment of long-term debt .....	(202)	(12,572)
Payment for purchase of treasury stock .....	(4,637)	(1,001)
Dividends paid .....	(11,372)	(7,687)
Dividends paid to minority interests .....	(204)	(189)
Other .....	(105)	(12)
<b>Net cash used in financing activities .....</b>	<b>(16,906)</b>	<b>(20,978)</b>
<b>Cash and cash equivalents translation differences .....</b>	<b>(39)</b>	<b>(1,027)</b>
<b>(Decrease) increase in cash and cash equivalents .....</b>	<b>(5,989)</b>	<b>15,082</b>
<b>Cash and cash equivalents at beginning of the period...</b>	<b>69,286</b>	<b>44,118</b>
<b>Balance of cash and cash equivalents of the acquired company at beginning of the period .....</b>	<b>--</b>	<b>(44,118)</b>
<b>Balance of cash and cash equivalents of the acquiring company at beginning of the period .....</b>	<b>--</b>	<b>10,440</b>
<b>Change to cash and cash equivalents following consolidation .....</b>	<b>393</b>	<b>43,740</b>
<b>Change to cash and cash equivalents following merger .....</b>	<b>268</b>	<b>23</b>
<b>Decrease in cash and cash equivalent following elimination from consolidation .....</b>	<b>(214)</b>	<b>--</b>
<b>Cash and cash equivalents at end of the period .....</b>	<b>63,745</b>	<b>69,286</b>