

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Millions of yen

	As of March 31, 2009	As of March 31, 2008
ASSETS		
Current assets:		
Cash and time deposits.....	32,978	18,481
Accounts and notes receivable	109,984	110,447
Marketable securities	--	26,667
Inventories.....	--	62,415
Merchandise and products.....	46,498	--
Work in progress	9,283	--
Raw materials and supplies	11,846	--
Deferred tax assets	11,633	6,829
Short-term loans.....	47,267	--
Other current assets.....	10,136	7,908
(Less) Allowance for doubtful accounts	(152)	(89)
Total current assets.....	279,475	232,661
Fixed assets:		
Tangible fixed assets		
Buildings and structures	147,416	124,832
Accumulated depreciation and accumulated impairment loss	(102,361)	(87,545)
Buildings and structures (net)	45,055	37,286
Machinery and equipment	200,985	198,703
Accumulated depreciation and accumulated impairment loss	(174,764)	(171,672)
Machinery and equipment (net).....	26,220	27,031
Land	74,179	21,253
Construction in progress.....	6,423	4,355
Other.....	51,003	35,904
Accumulated depreciation and accumulated impairment loss	(42,484)	(30,697)
Other (net).....	8,518	5,207
Total tangible fixed assets	160,398	95,134
Intangible fixed assets		
Goodwill.....	177,275	--
Other	3,353	--
Intangible fixed assets	180,628	556
Investments and other assets:		
Investment securities	62,354	53,196
Long-term loans.....	515	522
Deferred tax assets	3,014	1,080
Other investments and other assets.....	13,600	12,449
Allowance for doubtful accounts.....	(947)	(1,520)
Total investments and other assets.....	78,538	65,728
Total fixed assets.....	419,565	161,420
Total assets.....	699,041	394,081

Consolidated Balance Sheets (continued)

	<i>Millions of yen</i>	
	As of March 31, 2009	As of March 31, 2008
LIABILITIES		
Current liabilities:		
Accounts and notes payable	41,960	49,358
Short-term bank loans	12,750	12,533
Accrued expenses	24,882	21,490
Income taxes payable	13,556	10,603
Reserve for sales rebates	439	341
Reserve for bonuses	4,116	3,775
Reserve for repairs	1,115	1,477
Reserve for sales returns	--	58
Reserve for sales promotion expenses	--	668
Other	9,469	11,371
Total current liabilities	108,290	111,679
Long-term liabilities:		
Corporate debt	60	--
Long-term debt	730	256
Deferred tax liabilities	17,143	2,398
Retirement benefit allowance	26,684	20,948
Directors' retirement benefit allowance	188	218
Reserve for provision for loss on guarantees	--	700
Other long-term liabilities	2,874	1,120
Total long-term liabilities	47,680	25,643
Total liabilities	155,970	137,322
NET ASSETS		
Shareholders' equity:		
Common stock	26,745	26,745
Capital surplus	512,418	43,180
Retained earnings	10,432	170,947
Treasury stock	(2,392)	(1,544)
Total shareholders' equity	547,203	239,328
Valuation and translation adjustments		
Valuation difference on other marketable	(4,732)	15,348
Deferred gains (losses) on hedges	4	(9)
Foreign exchange adjustment account	(3,920)	(378)
Total valuation and translation adjustments	(8,648)	14,960
Subscription rights to shares	188	156
Minority interests	4,326	2,312
Total net assets	543,070	256,758
Total liabilities and net assets	699,041	394,081

(2) Consolidated Statements of Income

	<i>Millions of yen</i>	
	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Net sales	460,183	392,119
Cost of sales.....	259,886	247,201
Gross profit.....	200,297	144,917
Selling, general and administrative expenses:		
Transportation	4,209	4,424
Sales promotion.....	11,289	8,704
Addition to reserve for sales promotion expense	--	668
Addition to allowance for doubtful accounts	100	921
Salaries.....	23,957	17,502
Bonuses.....	8,916	5,858
Addition to bonus reserve.....	1,718	1,981
Employee retirement benefit expense	2,546	1,508
Depreciation.....	779	569
Research and development.....	48,094	33,457
Amortization of goodwill.....	9,673	--
Others	43,624	29,929
Total sales, general and administrative expenses:	154,910	105,527
Operating income	45,387	39,390
Other income:		
Interest income	688	528
Dividend income	2,394	1,274
Currency exchange gain.....	135	--
Dividend on insurance	--	277
Income from equity method investments.....	1,211	1,125
Others	1,411	1,657
Total other income.....	5,871	4,863
Other expenses:		
Interest expense	523	327
Loss on foreign exchange	--	1,034
Expense on removal of fixed assets.....	--	837
Loss on sale of fixed assets	--	603
Loss on sale of disposal of assets.....	2,483	--
Loss on sale of inventories	--	1,474
Expenses related to idle facilities	--	733
Others	1,839	1,245
Total other expenses.....	4,846	6,257
Recurring income	46,412	37,996

Consolidated Statements of Income (continued)

	<i>Millions of yen</i>	
	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Extraordinary income:		
Gain on sale of shares in affiliates	4,721	--
Gain on sale of investments in affiliates.....	1,354	--
Gain on sale of fixed assets.....	--	7,471
Others.....	--	517
Total extraordinary income	6,075	7,988
Extraordinary losses:		
Valuation loss on investment securities	6,634	--
Asset impairment losses	5,724	2,264
Integration-related expenses	5,514	2,831
Compensation payments	1,937	--
Extraordinary depreciation of fixed assets	762	--
Appraisal loss on investments in affiliate companies..	--	1,372
Addition to provision for loss on guarantees	--	700
Others.....	977	--
Total extraordinary losses.....	21,550	7,169
Income before income taxes	30,937	38,815
Corporate, local, and enterprise taxes.....	20,799	15,228
Corporate tax adjustment	(1,865)	(35)
Total corporate taxes	18,934	15,193
Income (loss) in minority interests in consolidated subsidiaries	276	144
Net income.....	11,726	23,477

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

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
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	43,180	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	(14)	--
Total change during the period	469,237	--
Balance at end of period	512,418	43,180
Retained surplus		
Balance at end of previous period	170,947	151,565
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	(5,739)	(3,978)
Net income	11,726	23,477
Disposal of treasury stock	--	(13)
Changes to scope of consolidation	--	(102)
Total change during the period	(160,515)	19,382
Balance at end of period	10,432	170,947
Treasury stock		
Balance at end of previous period	(1,544)	(1,062)
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	(1,001)	(567)
Disposal of treasury stock	153	85
Total change during the period	(848)	(481)
Balance at end of period	(2,392)	(1,544)

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

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Total shareholders' equity		
Balance at end of previous period.....	239,328	220,428
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	(5,739)	(3,978)
Net income	11,726	23,477
Acquisition of treasury stock	(1,001)	(567)
Disposal of treasury stock	138	71
Changes to scope of consolidation	--	(102)
Total change during the period	307,874	18,900
Balance at end of period	547,203	239,328
Valuation, translation adjustments and others		
Unrealized holding gain on securities		
Balance at end of previous period.....	15,348	21,785
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....	(4,569)	(6,436)
Total change during the period.....	(20,081)	(6,436)
Balance at end of period	(4,732)	15,348
Unrealized gain from hedging instruments		
Balance at end of previous period.....	(9)	5
Changes during the period		
Balance of acquired company at end of previous period	9	--
Net changes in items other than shareholders' equity....	4	(15)
Total change during the period.....	13	(15)
Balance at end of period	4	(9)
Translation adjustments		
Balance at end of previous period.....	(378)	(502)
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....	(3,052)	123
Total change during the period.....	(3,541)	123
Balance at end of period	(3,920)	(378)
Total valuation translation adjustments and others		
Balance at end of previous period.....	14,960	21,289
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 ...	(7,617)	(6,328)
Total change during the period.....	(23,609)	(6,328)
Balance at end of period	(8,648)	14,960

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

Millions of yen, rounded down

	Fiscal year ended March 31, 2009	Fiscal year ended March 31, 2008
Subscription rights to shares		
Balance at end of previous period.....	156	65
Changes during the period		
Balance of acquired company at end of previous period	(156)	--
Net changes in items other than shareholders' equity ...	188	91
Total change during the period.....	32	91
Balance at end of period	188	156
Minority interests		
Balance at end of previous period.....	2,312	2,299
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....	2,874	12
Total change during the period.....	2,014	12
Balance at end of period	4,326	2,312
Total net assets		
Balance at end of previous period.....	256,758	244,082
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.....	(5,739)	(3,978)
Net income	11,726	23,477
Acquisition of treasury stock.....	(1,001)	(567)
Disposal of treasury stock	138	71
Changes to scope of consolidation.....	--	(102)
Net changes in items other than shareholders' equity....	(4,554)	(6,224)
Changes during the period	286,311	12,676
Balance at end of period	543,070	256,758

(4) Consolidated Statements of Cash Flows

Millions of Yen

	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Cash flows from operating activities:		
Income before income taxes	30,937	38,815
Depreciation and amortization.....	18,779	14,346
Asset impairment losses	5,724	2,264
Amortization of goodwill	9,859	--
Increase (decrease) in retirement benefit allowance.....	214	(1,037)
(Increase) in prepaid pension expenses	(3,670)	(3,337)
(Decrease) increase in reserve for bonus payments.....	(113)	364
(Decrease) increase in allowance for bad debts	(548)	423
Interest and dividend income	(3,083)	(1,803)
Interest expenses.....	523	327
(Income) from equity method investments	(1,211)	(1,125)
Loss (gain) on sales of tangible fixed assets.....	1,000	(6,916)
(Gain) on sales of investment securities	(4,694)	(59)
Loss on revaluation of investment securities.....	6,634	--
Decrease in trade receivables.....	14,456	1,770
(Increase) in inventories	(5,148)	(2,146)
(Decrease) in trade payables	(10,856)	(5,681)
Others	(1,251)	4,503
Sub-total	57,551	40,712
Interest and dividend income	4,050	2,593
Interest payments.....	(495)	(306)
Corporate etc. tax payments.....	(20,037)	(12,285)
Net cash provided by operating activities.....	41,069	30,713

Consolidated Statements of Cash Flows (continued)

Millions of Yen

	April 1, 2008 to March 31, 2009	April 1, 2007 to March 31, 2008
Cash flows from investing activities:		
Payments for purchase of property, plant & equipment	(18,230)	(14,401)
Proceeds from sale of property, plant, and equipment.....	338	7,297
Payments for purchase of investment securities	(149)	(1,189)
Proceeds from sale of investment securities	86	145
Payments for purchase of shares in subsidiaries following changes to the scope of consolidation.....	--	(2,263)
Proceeds from sale of shares in subsidiaries following changes to the scope of consolidation	16,908	--
Transfer to fixed-term deposits.....	(7,040)	--
Proceeds from redemptions of fixed-term deposits	3,078	--
Proceeds from repayment of long-term debt	--	1,729
Others	1,028	(808)
Net cash (used in) investing activities.....	(3,981)	(9,492)
Cash flows from financing activities:		
Net (decrease) in short-term debt	(6)	(8,309)
Proceeds from long-term borrowing	491	--
Repayment of long-term debt.....	(12,572)	(665)
Payment for purchase of treasury stock.....	(1,001)	(567)
Proceeds from sale of treasury stock	--	39
Dividends paid.....	(7,687)	(3,979)
Dividends paid to minority interests.....	(189)	(18)
Other	(12)	--
Net cash used in financing activities.....	(20,978)	(13,499)
Cash and cash equivalents translation differences	(1,027)	(44)
Increase in cash and cash equivalents	15,082	7,677
Cash and cash equivalents at beginning of the period...	44,118	36,613
Balance of cash and cash equivalents of the acquired company at beginning of the period	(44,118)	--
Balance of cash and cash equivalents of the acquiring company at beginning of the period	10,440	--
Change to cash and cash equivalents following consolidation	43,740	--
Change to cash and cash equivalents following integration with non-consolidated subsidiary	23	--
Decrease in cash and cash equivalent following elimination from consolidation.....	--	(172)
Cash and cash equivalents at end of the period	69,286	44,118