

Second Quarter Consolidated Financial Report

For the Fiscal Year Ending March 31,2010

Stock Code 6904

HARADA INDUSTRY CO.,LTD

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Business segment information

	Automobile equipment	Communications equipment	Others	Total	Eliminations and corporate	Consolidated
July 1 to September 30,2008						
(Thousands of yen)						
Sales						
Sales to outside customers	5,990,202	239,633	2,455	6,232,291	—	6,232,291
Intersegment sales and transfers	—	—	—	—	—	—
Total sales	5,990,202	239,633	2,455	6,232,291	—	6,232,291
Operating income(loss)	259,220	(26,183)	301	233,338	—	233,338

	Automobile equipment	Communications equipment	Others	Total	Eliminations and corporate	Consolidated
July 1 to September 30,2009						
(Thousands of yen)						
Sales						
Sales to outside customers	4,175,532	222,942	8,203	4,406,678	—	4,406,678
Intersegment sales and transfers	—	—	—	—	—	—
Total sales	4,175,532	222,942	8,203	4,406,678	—	4,406,678
Operating income(loss)	38,233	4,095	(711)	41,617	—	41,617

	Automobile equipment	Communications equipment	Others	Total	Eliminations and corporate	Consolidated
April 1 to September 30,2008						
(Thousands of yen)						
Sales						
Sales to outside customers	12,192,254	680,311	5,970	12,878,536	—	12,878,536
Intersegment sales and transfers	—	—	—	—	—	—
Total sales	12,192,254	680,311	5,970	12,878,536	—	12,878,536
Operating income(loss)	749,000	(29,785)	(341)	718,873	—	718,873

	Automobile equipment	Communications equipment	Others	Total	Eliminations and corporate	Consolidated
April 1 to September 30,2009						
(Thousands of yen)						
Sales						
Sales to outside customers	7,451,199	352,140	19,315	7,822,655	—	7,822,655
Intersegment sales and transfers	—	—	—	—	—	—
Total sales	7,451,199	352,140	19,315	7,822,655	—	7,822,655
Operating loss	(338,572)	(28,072)	(2,204)	(368,848)	—	(368,848)

Notes:

1. Defining business segments

The company classifies its businesses on the basis of product similarities, taking into consideration product type, product properties, manufacturing and marketing methods used, etc., and on the basis of related assets.

2. Major products in each segment

Business segment	Major products
Automobile equipment	Automobile radio antennas; Transmission cables; Automobile TV antennas; Amplifiers for glass antennas; Actuators; Electronic toll collection antennas; etc.
Communications equipment	Antennas for cellular telephones; PHS broadcast stations and telephones; Antennas for point of sales; Antennas for wireless local area network; etc.
Others	Home use medical devices; etc.

Geographical segment information

	Japan	Asia	North America	Central America	Europe	Total	Eliminations and corporate	Consolidated
July 1 to September 30, 2008								
(Thousands of yen)								
Sales								
Sales to outside customers	2,847,728	528,814	2,244,927	70,496	540,324	6,232,291	—	6,232,291
Intersegment sales and transfers	270,141	1,971,258	14,119	999,677	12,776	3,267,973	(3,267,973)	—
Total sales	3,117,870	2,500,072	2,259,047	1,070,174	553,100	9,500,265	(3,267,973)	6,232,291
Operating income(loss)	112,502	47,432	115,430	(35,973)	(14,678)	224,713	8,624	233,338

	Japan	Asia	North America	Central America	Europe	Total	Eliminations and corporate	Consolidated
July 1 to September 30, 2009								
(Thousands of yen)								
Sales								
Sales to outside customers	2,442,911	529,329	1,135,853	50,494	248,089	4,406,678	—	4,406,678
Intersegment sales and transfers	148,961	973,620	1,008	322,161	11,314	1,457,066	(1,457,066)	—
Total sales	2,591,873	1,502,949	1,136,862	372,655	259,403	5,863,745	(1,457,066)	4,406,678
Operating income(loss)	240,905	9,476	(56,650)	(84,402)	(61,070)	48,258	(6,641)	41,617

	Japan	Asia	North America	Central America	Europe	Total	Eliminations and corporate	Consolidated
April 1 to September 30, 2008								
(Thousands of yen)								
Sales								
Sales to outside customers	6,234,397	986,539	4,468,318	143,815	1,045,465	12,878,536	—	12,878,536
Intersegment sales and transfers	562,965	3,984,354	41,565	1,971,921	35,929	6,596,736	(6,596,736)	—
Total sales	6,797,363	4,970,893	4,509,884	2,115,737	1,081,395	19,475,272	(6,596,736)	12,878,536
Operating income(loss)	373,636	(10,662)	237,349	(104,280)	(879)	495,163	223,710	718,873

	Japan	Asia	North America	Central America	Europe	Total	Eliminations and corporate	Consolidated
April 1 to September 30, 2009								
(Thousands of yen)								
Sales								
Sales to outside customers	4,401,778	828,939	2,089,999	79,319	422,618	7,822,655	—	7,822,655
Intersegment sales and transfers	280,692	1,753,105	4,953	553,000	18,193	2,609,945	(2,609,945)	—
Total sales	4,682,471	2,582,044	2,094,952	632,319	440,812	10,432,600	(2,609,945)	7,822,655
Operating income(loss)	161,028	(64,198)	(173,879)	(271,571)	(97,189)	(445,810)	76,961	(368,848)

Notes:

- Countries and regions are classified on the basis of geographical proximity
- The major countries in regions outside Japan are the following.

(1)Asia: China, Vietnam (2)North America: United States of America., (3)Central America: Mexico (4)Europe: Britain, Germany

Changes in common stock and number of shares outstanding

Date	Shares outstanding		Capital stock		Capital reserves	
	Increase or decrease	Balance	Increase or decrease	Balance	Increase or decrease	Balance
	(Shares)		(Thousands of yen)		(Thousands of yen)	
From July 1,2009 to September 30,2009	—	21,758,000	—	2,019,181	—	1,859,981

Shares

Class of shares	Number of shares authorized
Common shares	70,000,000
Total	70,000,000

Issued

As of September 30,2009	21,758,000
As of November 13,2009	21,758,000

Stock exchange listings or registration Jasdaq Securities Exchange. Inc.

Directors and Statutory Auditors

Shuichi Harada	President and Representative Director
Shoji Harada	Executive vice president and Representative Director
Yoshifumi Miyaguchi	Executive Director
Hiroshi Miyazaki	Executive Director
Yoshikuni Nakamatsu	Director
Kazuhiro Hokao	Standing Statutory Auditor
Toshihiro Nakaoka	Standing Statutory Auditor
Juji Suzuki	Statutory Auditor

Second quarter consolidated balance sheets

(Thousands of Yen)

	September 30 2009	March 31 2009
Assets		
Current assets		
Cash and deposits	5,540,147	4,990,736
Notes and accounts receivable-trade	3,391,278	2,651,299
Merchandise and finished goods	2,634,016	3,062,397
Work in process	189,636	182,334
Raw materials and supplies	1,387,750	1,622,013
Other	754,395	879,894
Allowance for doubtful accounts	(34,363)	(66,379)
Total current assets	13,862,861	13,322,295
Noncurrent assets		
Property, plant and equipment	3,771,773	3,896,726
Intangible assets	459,456	473,844
Investments and other assets		
Other	1,092,975	1,093,256
Allowance for doubtful accounts	(3,405)	(3,404)
Total investments and other assets	1,089,569	1,089,851
Total noncurrent assets	5,320,800	5,460,422
Total assets	19,183,661	18,782,717
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,662,266	1,265,363
Short-term loans payable	5,187,058	5,165,184
Provision for bonuses	220,431	215,201
Other	679,900	694,956
Total current liabilities	7,749,657	7,340,706
Noncurrent liabilities		
Long-term loans payable	3,000,000	3,000,000
Provision for retirement benefits	618,774	719,241
Provision for directors' retirement benefits	—	683,928
Other	729,277	43,055
Total Noncurrent liabilities	4,348,051	4,446,224
Total liabilities	12,097,708	11,786,930
Net assets		
Shareholders' equity		
Capital stock	2,019,181	2,019,181
Capital surplus	1,859,981	1,859,981
Retained earnings	4,387,920	5,048,680
Treasury stock	(1,169)	(1,169)
Total shareholders' equity	8,265,914	8,926,674
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	29,495	28,594
Foreign currency translation adjustment	(1,209,457)	(1,959,481)
Total valuation and translation adjustments	(1,179,961)	(1,930,887)
Total net assets	7,085,952	6,995,787
Total liabilities and net assets	19,183,661	18,782,717

Second quarter consolidated income statements

(Thousands of Yen)

	April 1,2008 to September 30,2008	April 1,2009 to September 30,2009
Net sales	12,878,536	7,822,655
Cost of sales	9,175,983	5,970,567
Gross profit	3,702,552	1,852,088
Selling, general and administrative expenses	2,983,678	2,220,937
Operating income	718,873	(368,848)
Non-operating income		
Foreign exchange gains	75,227	—
Subsidy income	—	30,102
Other	56,161	36,653
Total non-operating income	131,389	66,756
Non-operating expenses		
Interest expenses	101,141	79,014
Foreign exchange losses	—	91,104
Other	15,011	10,395
Total non-operating expenses	116,152	180,514
Ordinary income	734,111	(482,607)
Extraordinary income		
Gain on sales of noncurrent assets	2,178	643
Reversal of allowance for doubtful accounts	—	33,744
Reversal of provision for directors' bonuses	5,680	—
Other	545	—
Total extraordinary income	8,403	34,388
Extraordinary loss		
Loss on valuation of inventories	147,600	—
Impairment loss	—	12,488
Contribution for cancellation of business consignment	—	40,795
Other	25,038	2,934
Total extraordinary loss	172,638	56,219
Income before income taxes	569,876	(504,438)
Income taxes-current	198,691	26,524
Income taxes-deferred	(55,184)	21,018
Total income taxes	143,507	47,543
Net income	426,368	(551,982)

Second quarter consolidated income statements

(Thousands of Yen)

	July 1,2008 to September 30,2008	July 1,2009 to September 30,2009
Net sales	6,232,291	4,406,678
Cost of sales	4,473,786	3,247,552
Gross profit	1,758,504	1,159,126
Selling, general and administrative expenses	1,525,166	1,117,508
Operating income	233,338	41,617
Non-operating income		
Interest income	7,025	—
Gain on sales of scraps	7,205	—
Subsidy income	—	15,712
Other	12,561	22,414
Total non-operating income	26,792	38,126
Non-operating expenses		
Interest expenses	48,442	39,434
Foreign exchange losses	56,250	59,293
Other	7,202	7,615
Total non-operating expenses	111,894	106,343
Ordinary income	148,236	(26,599)
Extraordinary income		
Gain on sales of noncurrent assets	170	6
Reversal of allowance for doubtful accounts	—	4,732
Gain on sales of golf memberships	458	—
Other	87	—
Total extraordinary income	715	4,739
Extraordinary loss		
Loss on valuation of stocks of subsidiaries and affiliates	9,850	—
Impairment loss	4,749	—
Contribution for cancellation of business consignment	—	40,795
Other	4,492	10,439
Total extraordinary loss	19,092	51,235
Income before income taxes	129,859	(73,094)
Income taxes-current	90,285	18,787
Income taxes-deferred	(63,875)	65,208
Total income taxes	26,410	83,996
Net income	103,449	(157,091)

Second quarter consolidated statements of cashflows

(Thousands of Yen)

	April 1,2008 to September 30,2008	April 1,2009 to September 30,2009
Net cash provided by (used in) operating activities		
Income before income taxes	569,876	(504,438)
Depreciation and amortization	408,798	334,308
Increase (decrease) in provision for retirement benefits	(48,661)	(102,357)
Increase (decrease) in provision for directors' retirement benefits	—	(683,928)
Decrease (increase) in inventories	102,448	901,582
Interest expenses	101,141	80,124
Foreign exchange losses(gains)	101,670	—
Decrease (increase) in notes and accounts receivable-trade	236,855	(669,645)
Increase (decrease) in notes and accounts payable-trade	280,687	361,496
Increase (decrease) in long-term accounts payable-other	—	693,212
Other	131,623	42,854
Subtotal	1,884,440	453,209
Interest expenses paid	(102,013)	(83,389)
Income taxes paid	(106,664)	—
Income taxes refund	99,966	62,639
Other payments	—	(25,152)
Other proceeds	15,979	5,891
Net cash provided by (used in) operating activities	1,791,708	413,197
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(409,810)	(59,501)
Purchase of insurance funds	(54,733)	—
Other	(21,110)	4,400
Net cash provided by (used in) investing activities	(485,655)	(55,101)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	7,488,580	5,720,247
Decrease in short-term loans payable	(7,176,510)	(5,479,482)
Proceeds from long-term loans payable	3,000,000	—
Repayment of long-term loans payable	(60,000)	—
Redemption of bonds	(3,000,000)	—
Cash dividends paid	(270,125)	(109,106)
Other	(7,426)	(10,395)
Net cash provided by (used in) financing activities	(25,481)	121,263
Effect of exchange rate change on cash and cash equivalents	(193,318)	71,178
Net increase(decrease) in cash and cash equivalents	1,087,254	550,537
Cash and cash equivalents at beginning of year	2,430,994	4,942,027
Cash and cash equivalents at end of period	3,518,248	5,492,565