

2. Consolidated Statements of Income

[Millions of yen]

	Three months ended June 30, 2006		Three months ended June 30, 2005		Increase/Decrease		Fiscal year ended March 31, 2006	
	Amount	% of net sales	Amount	% of net sales	Amount	Y of Y %	Amount	% of net sales
Net sales	241,272	100.0	244,023	100.0	(2,750)	(1.1)	1,068,390	100.0
Cost of sales	123,146	51.0	126,903	52.0	(3,757)	(3.0)	575,163	53.8
Gross profit	118,126	49.0	117,119	48.0	1,006	0.9	493,227	46.2
Selling, general and administrative expenses	95,885	39.8	98,935	40.5	(3,050)	(3.1)	409,811	38.4
Operating income	22,240	9.2	18,183	7.5	4,056	22.3	83,415	7.8
Non-operating income	2,223	0.9	2,303	0.9	(80)	(3.5)	14,879	1.4
Interest and dividend income	579		483		96		1,756	
Other	1,643		1,819		(176)		13,123	
Non-operating expenses	2,995	1.2	2,725	1.1	269	9.9	21,457	2.0
Interest expense	1,338		1,425		(87)		5,427	
Equity method loss of affiliated companies	99		12		86		2,507	
Disposal/valuation losses of inventories	620		483		136		7,540	
Other	937		803		133		5,982	
Recurring profit	21,468	8.9	17,761	7.3	3,707	20.9	76,838	7.2
Extraordinary profit	1,095	0.4	35	0.0	1,059	—	3,353	0.3
Gain on sales of fixed assets	509		18		491		1,255	
Gain on sales of investment securities	585		17		567		1,528	
Gain on sales of investment in affiliated companies	—		—		—		569	
Extraordinary losses	277	0.1	4,295	1.8	(4,018)	(93.5)	116,126	10.9
Loss on disposal and sale of fixed assets	277		370		(92)		3,689	
Loss on sale of investment in affiliates	—		9		(9)		19	
Loss on sale of investment securities	—		—		—		420	
Write-down on investment securities	—		—		—		8	
Loss on impairment of fixed assets	—		3,915		(3,915)		4,143	
Payment for dissolution of business	—		—		—		96,625	
Provision of special outplacement program	—		—		—		6,484	
Amortization of consolidation goodwill	—		—		—		2,361	
Other extraordinary loss	—		—		—		2,372	
Income before income taxes and minority interests	22,286	9.2	13,502	5.5	8,784	65.1	(35,934)	(3.4)
Tax expenses	11,662	4.8	6,088	2.5	5,573	91.5	17,533	1.6
Minority interests in earnings of consolidated subsidiaries	68	0.0	96	0.0	(28)	(29.4)	837	0.1
Net Income	10,555	4.4	7,316	3.0	3,239	44.3	(54,305)	(5.1)