

## 2. Consolidated Statements of Income

[ Millions of yen ]

	Nine months ended December 31, 2006		Nine months ended December 31, 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	744,596	100.0	793,016	100.0	(48,419)	(6.1)	1,068,390	100.0
Cost of sales	386,016	51.8	424,499	53.5	(38,483)	(9.1)	575,163	53.8
Gross profit	358,580	48.2	368,516	46.5	(9,936)	(2.7)	493,227	46.2
Selling, general and administrative expenses	288,234	38.8	302,471	38.2	(14,236)	(4.7)	409,811	38.4
<b>Operating income</b>	<b>70,345</b>	<b>9.4</b>	<b>66,045</b>	<b>8.3</b>	<b>4,300</b>	<b>6.5</b>	<b>83,415</b>	<b>7.8</b>
Non-operating income	[13,003]	1.8	[12,712]	1.6	[291]	2.3	[14,879]	1.4
Interest and dividend income	1,700		1,345		355		1,756	
Equity method investment gain	13		—		13		—	
Exchange gain	3,866		5,847		(1,981)		5,413	
Other	7,422		5,519		1,903		7,709	
Non-operating expenses	[13,544]	1.8	[14,429]	1.8	[(885)]	(6.1)	[21,457]	2.0
Interest expense	3,968		4,166		(198)		5,427	
Equity method loss of affiliated companies	—		662		(662)		2,507	
Disposal/valuation losses of inventories	3,288		3,870		(582)		7,540	
Other	6,287		5,729		557		5,982	
<b>Recurring profit</b>	<b>69,804</b>	<b>9.4</b>	<b>64,328</b>	<b>8.1</b>	<b>5,476</b>	<b>8.5</b>	<b>76,838</b>	<b>7.2</b>
Extraordinary profit	[10,170]	1.4	[1,513]	0.2	[8,657]	572.2	[3,353]	0.3
Gain on sales of fixed assets	5,295		576		4,718		1,255	
Gain on sales of investment securities	1,579		936		642		1,528	
Gain on sales of investment in affiliated companies	1,200		—		1,200		569	
Gain on reserve fund of a business withdrawal loss	2,096		—		2,096		—	
Extraordinary losses	[1,654]	0.3	[29,501]	3.7	[(27,847)]	(94.4)	[116,126]	10.9
Loss on disposal and sale of fixed assets	1,610		2,044		(433)		3,689	
Loss on sale of investment in affiliates	—		9		(9)		19	
Loss on sale of investment securities	44		—		44		420	
Write-down on investment securities	—		—		—		8	
Loss on impairment of fixed assets	—		23,299		(23,299)		4,143	
Payment for dissolution of business	—		—		—		96,625	
Provision of special outplacement program	—		—		—		6,484	
Restructuring expenses	—		1,776		(1,766)		—	
Amortization of consolidation goodwill	—		—		—		2,361	
Other extraordinary loss	—		2,372		(2,372)		2,372	
<b>Income (loss) before income taxes and minority interests</b>	<b>78,320</b>	<b>10.5</b>	<b>36,339</b>	<b>4.6</b>	<b>41,981</b>	<b>115.5</b>	<b>(35,934)</b>	<b>(3.4)</b>
Tax expenses	38,073	5.1	21,811	2.8	16,262	74.6	17,533	1.6
Minority interests in earnings of consolidated subsidiaries	124	0.0	579	0.0	(455)	(78.6)	837	0.1
<b>Net Income (loss)</b>	<b>40,123</b>	<b>5.4</b>	<b>13,948</b>	<b>1.8</b>	<b>26,175</b>	<b>187.7</b>	<b>(54,305)</b>	<b>(5.1)</b>