

2. Consolidated Statements of Income

[Millions of yen]

	Nine months ended December 31, 2006		Nine months ended December 31, 2007		Increase (Decrease)		Fiscal year ended March 31, 2007	
	Amount	% of net sales	Amount	% of net sales	Amount	Y of Y %	Amount	% of net sales
Net sales	744,596	100.0	794,964	100.0	50,367	6.8	1,027,630	100.0
Cost of sales	386,016	51.8	396,101	49.8	10,085	2.6	532,714	51.8
Gross profit	358,580	48.2	398,862	50.2	40,282	11.2	494,916	48.2
Selling, general and administrative expenses	288,234	38.8	309,284	38.9	21,050	7.3	390,909	38.1
Operating income	70,345	9.4	89,577	11.3	19,231	27.3	104,006	10.1
Non-operating income	13,003	1.8	8,024	1.0	(4,978)	(38.3)	14,653	1.4
Interest and dividend income	1,700		2,027		326		2,316	
Equity method profits of affiliated companies	13		120		107		—	
Gain on foreign exchanges	3,866		11		(3,854)		3,432	
Other	7,422		5,864		(1,558)		8,904	
Non-operating expenses	13,544	1.8	11,172	1.4	(2,372)	(17.5)	20,559	2.0
Interest expense	3,968		3,310		(658)		5,088	
Disposal/valuation losses of inventories	3,288		3,165		(122)		7,054	
Equity method loss of affiliated companies	—		—		—		160	
Other	6,287		4,696		(1,591)		8,255	
Recurring profit	69,804	9.4	86,430	10.9	16,625	23.8	98,099	9.5
Extraordinary profit	10,170	1.4	1,524	0.2	(8,646)	(85.0)	11,848	1.2
Gain on sales of fixed assets	5,295		1,171		(4,123)		7,275	
Gain on sales of investment securities	1,579		0		(1,578)		2,788	
Gain on sales of shares in affiliated companies	1,200		47		(1,152)		1,200	
Gain on sale of investment	—		—		—		54	
Reversal of allowance for doubtful receivables	—		—		—		529	
Reversal of allowance for loss on withdrawal from operation	2,096		303		(1,792)		—	
Extraordinary losses	1,654	0.3	2,705	0.4	1,050	63.5	5,058	0.5
Loss on disposal and sale of fixed assets	1,610		1,622		11		2,791	
Loss on sale of investment in affiliates	—		—		—		619	
Loss on sale of investment securities	44		0		(43)		44	
Write-down on investment securities	—		2		2		26	
Write-down on investment in affiliates	—		14		14		—	
Loss on impairment of fixed assets	—		465		465		640	
Loss of withdrawal from operations	—		—		—		935	
Other extraordinary loss	—		599		599		—	
Income before income taxes and minority interests	78,320	10.5	85,249	10.7	6,928	8.8	104,890	10.2
Income Taxes	38,073	5.1	29,437	3.7	(8,636)	(22.7)	32,135	3.1
Minority interests in earnings of consolidated subsidiaries	124	0.0	99	0.0	(24)	(19.5)	213	0.0
Net Income	40,123	5.4	55,712	7.0	15,589	38.9	72,542	7.1