

## CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

(Million yen)

Years ended March 31	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Net sales</b>	¥3,801,344	¥3,794,063	¥3,774,230	¥4,129,493	¥3,648,986	¥3,639,071	¥3,309,651	¥3,410,685	¥3,604,185	¥3,855,745
<b>Operating costs and expenses</b>										
Cost of sales	2,894,947	2,914,938	2,823,741	3,062,392	2,842,658	2,782,180	2,508,519	2,559,499	2,694,985	2,831,309
Selling, general and administrative	707,764	709,178	704,573	685,063	680,178	632,052	583,098	612,430	630,438	667,655
Research and development	197,538	182,383	166,652	186,648	194,177	161,699	125,317	118,114	121,044	123,779
	3,800,249	3,806,499	3,694,966	3,934,103	3,717,013	3,575,931	3,216,934	3,290,043	3,446,467	3,622,743
Operating income (loss)	1,095	(12,436)	79,264	195,390	(68,027)	63,140	92,717	120,642	157,718	233,002
<b>Other Income</b>										
Interest and dividends	26,593	24,346	18,299	19,404	14,246	11,486	8,868	7,437	9,492	12,281
Gains on securities contributed to employee retirement benefit trust	—	—	—	66,914	—	3,845	9,378	—	—	—
Other	27,557	88,108	43,354	35,663	34,399	41,905	43,935	28,953	36,488	28,464
	54,150	112,454	61,653	121,981	48,645	57,236	62,181	36,390	45,980	40,745
<b>Other Expenses</b>										
Interest	42,869	49,861	35,055	29,858	28,799	20,407	14,823	10,868	9,648	9,375
Other	64,919	163,983	65,598	77,071	106,961	97,494	55,291	43,848	41,724	79,596
	107,788	213,844	100,653	106,929	135,760	117,901	70,114	54,716	51,372	88,971
Income (loss) before income taxes	(52,543)	(113,826)	40,264	210,442	(155,142)	2,475	84,784	102,316	152,326	184,776
<b>Income taxes</b>										
Current	30,198	29,679	34,171	52,764	41,471	44,001	25,479	31,169	46,905	70,650
Deferred	(2,801)	(91,733)	(13,882)	39,226	(115,715)	(27,669)	20,119	17,001	22,796	9,553
	27,397	(62,054)	20,289	91,990	(74,244)	16,332	45,598	48,170	69,701	80,203
<b>Income (loss) from consolidated operations</b>	(79,940)	(51,772)	19,975	118,452	(80,898)	(13,857)	39,186	54,146	82,625	104,573
<b>Equity in earnings (losses) of affiliated companies</b>	(19,302)	11,139	4,858	6,334	2,928	2,032	5,653	17,029	13,067	18,507
<b>Net income (loss)</b>	(99,242)	(40,633)	24,833	124,786	(77,970)	(11,825)	44,839	71,175	95,692	123,080
<b>Retained earnings</b>										
Balance at beginning of year	446,817	326,021	285,149	295,901	403,968	311,622	299,456	337,367	394,952	473,726
Deduct:										
Cash dividends	19,323	—	11,809	13,956	12,883	0	6,440	12,877	15,000	19,317
Transfer to legal reserve	2,231	239	2,272	2,763	1,493	341	488	713	1,918	415
Balance at end of year	¥326,021	¥285,149	¥295,901	¥403,968	¥311,622	¥299,456	¥337,367	¥394,952	¥473,726	¥577,074
<b>Net income (loss) per 1 share *(in yen)</b>										
Basic	(¥46.22)	(¥18.92)	¥11.57	¥58.12	(¥36.31)	(¥5.51)	¥20.89	¥33.16	¥44.64	¥57.34
Diluted	—	—	—	¥56.55	—	—	¥20.74	¥33.16	¥44.63	¥57.34

Note: The diluted net income per share figures for 1998, 1999, 2000, 2002 and 2003, when calculated, resulted in antidiluted figures and thus have not been included in the above.