

Consolidated Statements of Operations

Years ended March 31, 2011 and 2010

| | Millions of yen | |
|--|------------------------------|------------------------------|
| | Year ended March 31, 2011 | Year ended March 31, 2010 |
| Net sales | ¥ 54,158 | ¥ 52,432 |
| Cost of sales (Note 12) | 38,028 | 38,652 |
| Gross profit | 16,129 | 13,779 |
| Selling, general and administrative expenses (Note 13) | 13,147 | 14,191 |
| Operating income (loss) | 2,981 | (412) |
| Other income (Note 14): | | |
| Interest and dividend income | 72 | 73 |
| Equity in earnings of affiliates | 26 | — |
| Amortization of negative goodwill | 160 | 235 |
| Gain on sale of noncurrent assets | 504 | 328 |
| Gain on sale of investment securities | — | 0 |
| Other | 191 | 167 |
| | 956 | 806 |
| Other expenses (Note 15): | | |
| Interest expenses | 295 | 265 |
| Amortization of net retirement benefit obligation at transition | 312 | 312 |
| Foreign exchange losses | 176 | 15 |
| Equity in losses of affiliates | — | 39 |
| Loss on sale and retirement of noncurrent assets | 101 | 73 |
| Loss on valuation of investment securities | 154 | 1 |
| Provision of allowance for doubtful accounts | — | 3 |
| Loss on litigation | — | 328 |
| Litigation settlement | — | 4,142 |
| Loss on adoption of accounting standard for asset retirement obligations | 45 | — |
| Loss on disaster | 349 | — |
| Special retirement expenses | 520 | — |
| Other | 50 | 178 |
| | 2,005 | 5,360 |
| Income (loss) before income taxes and minority interests | 1,933 | (4,966) |
| Income taxes (Note 6) | | |
| Income taxes - current | 493 | 144 |
| Income taxes - deferred | (344) | 2,983 |
| | 149 | 3,128 |
| Income (loss) before minority interests | 1,783 | (8,093) |
| Minority interests in income | 52 | (63) |
| Net income (loss) | ¥ 1,731 | ¥ (8,031) |

See accompanying notes to consolidated financial statements.