

## 12. Fourth-Quarter Consolidated Statements of Operations

	Y	Yen (millions)		Change (%)
		4Q FY 2006 (1/1/07-3/31/07)	4Q FY 2005 (1/1/06-3/31/06)	
<b>Net sales</b>	<b>Y</b>	<b>1,540,223</b>	1,477,642	+4.2
<b>Operating costs and expenses:</b>				
Cost of sales		1,130,131	1,075,316	+5.1
Selling, general and administrative expenses		285,762	281,004	+1.7
		<u>1,415,893</u>	<u>1,356,320</u>	
<b>Operating income</b>		<b>124,330</b>	121,322	+2.5
<b>Other income (expenses):</b>				
Net interest*		(738)	(2,561)	
Equity in earnings of affiliated companies, net		5,335	2,782	
Amortization of unrecognized obligation for retirement benefits		(727)	(4,872)	
Gain on sales of marketable securities		69,725	-	
Devaluation loss		(9,991)	-	
Provision for prior product warranties**		-	(7,413)	
Restructuring charges***		-	(6,085)	
Other, net		(22,792)	(9,910)	
		<u>40,812</u>	<u>(28,059)</u>	
<b>Income before income taxes and minority interests</b>		<b>165,142</b>	93,263	+77.1
<b>Income taxes</b>		<b>74,389</b>	30,567	
<b>Minority interests</b>		<b>4,347</b>	5,184	
<b>Net income</b>	<b>Y</b>	<b><u>86,406</u></b>	<u>57,512</u>	+50.2

### Notes:

\* Net interest consists of interest income, dividend income and interest charges.

\*\* Gain on sales of marketable securities refers principally to gain on sales of shares in Fanuc Ltd. in connection with the issuer's own stock repurchase.

\*\*\* Devaluation loss refers principally to devaluation loss on plant and equipment assets in the company's optical transmission systems business, primarily as a result of delays in business performance recovery due to rapid changes in the business environment in North America and Japan.