

14. Full-Year Unconsolidated Statements of Operations

	Yen (millions)		Change (%)
	FY 2006	FY 2005	
	(4/1/06-3/31/07)	(4/1/05-3/31/06)	
Net sales	Y 2,869,204	2,850,235	+0.7
Operating costs and expenses:			
Cost of sales	2,220,540	2,212,308	+0.4
Selling, general and administrative expenses	639,815	619,034	+3.4
	<u>2,860,355</u>	<u>2,831,342</u>	
Operating income	8,848	18,892	-53.2
Other income (expenses):			
Net interest *	65,034	58,609	
Amortization of unrecognized obligation for retirement benefits	4,490	(11,169)	
Gain on sales of marketable securities **	75,070	-	
Settlement gain	-	15,956	
Loss on devaluation of subsidiaries' and affiliates' stock ***	(344,516)	(62,974)	
Devaluation loss ****	(6,626)	-	
Provision for prior product warranties	-	(7,413)	
Other, net	(15,739)	(10,789)	
	<u>(222,287)</u>	<u>(17,780)</u>	-
Income before income taxes	(213,439)	1,111	-
Income taxes			
Current	(14,653)	(12,950)	
Deferred	50,500	(3,400)	
	<u>35,847</u>	<u>(16,350)</u>	
Net income (loss)	Y <u>(249,286)</u>	<u>17,462</u>	-

Note:

- * 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.
- *** Loss on devaluation of subsidiaries' and affiliates' stock refers primarily to stock in overseas subsidiaries and affiliates. This includes a provision for loss on guarantees for insolvent subsidiaries in the amount of 27,267 million yen.
- ****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.