

Consolidated Statement of Income

Nabtesco Corporation

Year ended March 31, 2005 and 2004

	2005	2004	2005
	(Millions of yen)		(Thousands of U.S. dollars) (Note 1)
Net sales (Note 16)	¥137,961	¥125,478	\$1,284,673
Cost of sales (Notes 14 and 16)	105,228	97,187	979,868
Gross profit	<u>32,733</u>	<u>28,291</u>	<u>304,805</u>
Selling, general and administrative expenses (Notes 14 and 16)	21,446	19,946	199,702
Operating income	<u>11,287</u>	<u>8,345</u>	<u>105,103</u>
Other income (expenses):			
Interest and dividend income	99	81	922
Interest expense	(462)	(617)	(4,302)
Foreign exchange gain (loss), net	25	(278)	233
Equity in earnings of affiliates	231	839	2,151
Gain on sale of investments in securities	0	121	0
Gain on sale of property, plant and equipment	385	16	3,585
Reversal of allowance for doubtful receivables	58	43	540
Compensation for withdrawal from certain business	421	—	3,920
Loss on disposal of inventories	(88)	(184)	(819)
Loss on devaluation of investments in securities	(13)	(62)	(121)
Loss on devaluation of golf club membership rights	(14)	(100)	(130)
Loss on disposal of property, plant and equipment	(1,381)	(710)	(12,860)
Cancellation charges on early termination of facility	(335)	—	(3,119)
Retirement benefits expenses	—	(1,184)	—
Provision of allowance for soil quality improvement loss	(1,160)	—	(10,802)
Other, net	172	290	1,601
Total	<u>(2,062)</u>	<u>(1,745)</u>	<u>(19,201)</u>
Income before income taxes and minority interests	9,225	6,600	85,902
Income taxes (Note 9):			
Current	2,274	2,240	21,175
Deferred	1,063	(148)	9,899
	<u>3,337</u>	<u>2,092</u>	<u>31,074</u>
Income before minority interests	5,888	4,508	54,828
Minority interests	<u>(262)</u>	<u>(276)</u>	<u>(2,440)</u>
Net income	<u>¥5,626</u>	<u>¥4,232</u>	<u>\$52,388</u>

See accompanying notes to consolidated financial statements.