

Consolidated Statements of Operations

Years Ended March 31, 2006 and 2005

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-------------------|------------|--|
| | 2006 | 2005 | 2006 |
| OPERATING REVENUES | ¥1,144,961 | ¥1,071,903 | \$9,746,837 |
| OPERATING COSTS AND EXPENSES: | | | |
| Operating costs | 1,043,372 | 998,786 | 8,882,032 |
| Selling, general and administrative expenses | 32,868 | 21,914 | 279,793 |
| Total operating costs and expenses | 1,076,240 | 1,020,700 | 9,161,825 |
| Operating income | 68,721 | 51,203 | 585,012 |
| OTHER (INCOME) EXPENSES: | | | |
| Interest and dividend income | (559) | (492) | (4,759) |
| Interest expense | 500 | 496 | 4,256 |
| Amortization of negative goodwill | (130) | | (1,103) |
| Gain on adjustment of leasing property | (1,250) | | (10,639) |
| Gain on sales of marketable and investment securities | (45) | (427) | (383) |
| Loss on disposal of property, plant and equipment | 1,121 | 1,015 | 9,541 |
| Loss on impairment of long-lived assets (Note 6) | 2,177 | 4,597 | 18,537 |
| Bond issuance costs | 4 | 4 | 34 |
| Gain on decrease of retirement benefit obligation upon transfer of unfunded retirement benefit plan to cash balance plan (Note 2.i) | | (14,383) | |
| Loss on devaluation of land | 60,161 | | 512,136 |
| Other—net | (970) | (1,348) | (8,255) |
| Other (income) expenses—net | 61,009 | (10,538) | 519,365 |
| INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS | 7,712 | 61,741 | 65,647 |
| INCOME TAXES (Note 10): | | | |
| Current | 35,152 | 29,485 | 299,243 |
| Deferred | (3,876) | (1,526) | (32,994) |
| Total income taxes | 31,276 | 27,959 | 266,249 |
| MINORITY INTERESTS IN NET EARNINGS (LOSS) OF CONSOLIDATED SUBSIDIARIES | 404 | (66) | 3,434 |
| NET (LOSS) INCOME | ¥ (23,968) | ¥ 33,848 | \$ (204,036) |
| | | Yen | U.S. Dollars |
| | 2006 | 2005 | 2006 |
| PER SHARE OF COMMON STOCK (Notes 2.q and 13): | | | |
| Basic net (loss) income | ¥ (53.47) | ¥ 74.02 | \$ (0.46) |
| Diluted net income | | 72.48 | |
| Cash dividends applicable to the year | 20.00 | 18.00 | 0.17 |

See notes to consolidated financial statements.