

Consolidated Statements of Income

Years Ended March 31, 2005 and 2004

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
OPERATING REVENUES	¥1,071,903	¥1,011,344	\$9,981,406
OPERATING COSTS AND EXPENSES:			
Operating costs	998,786	945,201	9,300,548
Selling, general and administrative expenses	21,914	19,484	204,062
Total operating costs and expenses	1,020,700	964,685	9,504,610
Operating income	51,203	46,659	476,796
OTHER (INCOME) EXPENSES:			
Interest and dividend income	(492)	(436)	(4,585)
Interest expense	496	723	4,620
Gain on sales of marketable and investment securities	(427)	(4,093)	(3,975)
Loss on disposal of property, plant and equipment	1,015	1,643	9,450
Loss on impairment of long-lived assets (Note 5)	4,597		42,807
Bond issuance costs	4	14	37
Equity in earnings of affiliated companies		(531)	
Gain on decrease of pension obligation upon transfer of funded retirement benefits plan to cash balance plan (Note 2.i)		(40,470)	
Gain on decrease of retirement benefit obligation upon transfer of unfunded retirement benefits plan to cash balance plan (Note 2.i)	(14,383)		(133,930)
Loss on devaluation of land		897	
Loss on devaluation of telephone subscription rights		1,519	
Other—net	(1,348)	100	(12,549)
Other income—net	(10,538)	(40,634)	(98,125)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	61,741	87,293	574,921
INCOME TAXES (Note 9):			
Current	29,485	29,808	274,561
Deferred	(1,526)	7,707	(14,209)
Total income taxes	27,959	37,515	260,352
MINORITY INTERESTS IN NET LOSS OF CONSOLIDATED SUBSIDIARIES	(66)	(5)	(621)
NET INCOME	¥ 33,848	¥ 49,783	\$ 315,190
		Yen	U.S. Dollars
	2005	2004	2005
PER SHARE OF COMMON STOCK (Notes 2.o and 12):			
Basic net income	¥ 74.02	¥ 107.51	\$ 0.69
Diluted net income	72.48	105.20	0.67
Cash dividends applicable to the year	18.00	18.00	0.17

See notes to consolidated financial statements.