

Consolidated Statements of Income

Kyorin Pharmaceutical Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2004	2005
Net sales	¥66,296	¥65,061	\$617,339
Cost of sales (Note 13)	22,682	22,389	211,211
Gross profit	43,614	42,671	406,127
Selling, general and administrative expenses (Note 7)	37,747	33,905	351,495
Operating income	5,866	8,766	54,623
Other income (expenses):			
Interest and dividend income	165	129	1,536
Interest expense	(7)	(11)	(65)
Rent income	72	79	670
Equity in earnings of affiliates	371	259	3,455
Exchange gain (loss)	117	(245)	1,089
Loss on disposal of inventories	(182)	(336)	(1,695)
Loss on sales and disposal of property, plant and equipment (Note 8)	(1,366)	(1,758)	(12,720)
Gains on sales of investment securities	1,787	893	16,640
Gain on the release from the substitutional portion of the government's Welfare Pension Insurance Plan	—	4,475	—
Special depreciation on property, plant and equipment	(169)	(1,330)	(1,574)
Loss on devaluation of investment securities	(291)	—	(2,710)
Loss on amortization of investment securities	(323)	—	(3,008)
Loss on retirement benefit plan changes	(1,625)	—	(15,132)
Additional benefits for employees' early retirement	(430)	(1,071)	(4,004)
Prior year adjustments	—	(333)	—
Other, net	26	(42)	242
	(1,854)	707	(17,264)
Income before income taxes	4,012	9,474	37,359
Income taxes (Note 12):			
Current	147	3,398	1,369
Deferred	1,851	383	17,236
	1,998	3,781	18,605
Net income (Note 16)	¥ 2,013	¥ 5,692	\$ 18,745

See accompanying notes to consolidated financial statements.