

Consolidated Statements of Income

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2006	2007
Net sales	¥162,729	¥155,804	\$1,425,577
Cost of sales	118,643	111,799	1,039,363
Gross profit.....	44,086	44,005	386,213
Selling, general and administrative expenses (Notes 9 and 12).....	31,367	31,054	274,788
Operating income.....	12,719	12,950	111,425
Other income (expenses):			
Interest and dividend income.....	208	508	1,822
Interest expense	(442)	(363)	(3,878)
Equity in earnings of affiliates.....	523	583	4,585
Impairment loss on property, plant and equipment.....	(2,394)	(1,623)	(20,972)
Gain on change in equity ownership percentage	—	1,205	—
Gain on sales and disposal of property, plant and equipment	30	—	266
Gain on sales of investment securities.....	2,568	—	22,504
Other, net	82	262	722
Income before income taxes and minority interests	13,295	13,522	116,475
Income taxes (Note 10):			
Current	5,307	3,923	46,496
Prior year.....	920	—	8,059
Deferred.....	(247)	1,933	(2,164)
	5,980	5,857	52,392
Minority interests.....	(911)	(703)	(7,984)
Net income (Note 20).....	¥ 6,403	¥ 6,961	\$ 56,098

See accompanying notes to consolidated financial statements.