

Consolidated Statements of Income

Toagosei Co., Ltd. and Consolidated Subsidiaries

Years ended December 31	Millions of yen		Thousands of U.S. dollars (Note 3)
	2008	2007	2008
Net sales	¥162,615	¥162,729	\$1,786,395
Cost of sales	121,309	118,643	1,332,631
Gross profit.....	41,306	44,086	453,763
Selling, general and administrative expenses (Notes 9 and 12).....	29,637	31,367	325,583
Operating income	11,668	12,719	128,179
Other income (expenses):			
Interest and dividend income.....	607	208	6,673
Interest expense	(313)	(442)	(3,439)
Equity in earnings of affiliates.....	265	523	2,911
Impairment loss on property, plant and equipment.....	(674)	(2,394)	(7,410)
Gain on sales and disposal of property, plant and equipment	15	30	168
Gain on sales of investment securities.....	36	2,568	402
Loss on disposal of property, plant and equipment.....	(837)	(636)	(9,195)
Provision for doubtful receivables	(2,006)	(194)	(22,042)
Loss on valuation of investment in securities.....	(777)	(64)	(8,545)
Foreign currency exchange loss	(914)	—	(10,040)
Other, net	(200)	978	(2,202)
Income before income taxes and minority interests	6,869	13,295	75,458
Income taxes (Note 10):			
Current	3,469	5,307	38,118
Prior year.....	—	920	—
Deferred.....	814	(247)	8,943
	4,284	5,980	47,061
Minority interests	689	(911)	7,570
Net income (Note 19).....	¥ 1,895	¥ 6,403	\$ 20,826

See accompanying notes to consolidated financial statements.