

CONSOLIDATED STATEMENTS OF INCOME

Toray Industries, Inc. and Consolidated Subsidiaries
 Years ended March 31, 2007 and 2006

| | Millions of yen | | Thousands of U.S. dollars (Note 2) |
|---|--------------------|-------------|---------------------------------------|
| | 2007 | 2006 | 2007 |
| Net sales | ¥ 1,546,461 | ¥ 1,427,488 | \$ 13,105,602 |
| Costs and expenses: | | | |
| Cost of sales (Notes 7, 11 and 12) | 1,221,411 | 1,124,233 | 10,350,941 |
| Selling, general and administrative expenses (Notes 7, 11 and 12) | 222,627 | 210,212 | 1,886,669 |
| | 1,444,038 | 1,334,445 | 12,237,610 |
| Operating income | 102,423 | 93,043 | 867,992 |
| Other income (expenses): | | | |
| Interest expense | (9,831) | (7,969) | (83,314) |
| Interest and dividend income | 3,206 | 2,514 | 27,169 |
| Equity in earnings of unconsolidated subsidiaries and affiliated companies | 8,331 | 6,214 | 70,602 |
| Loss on sales and disposal of property, plant and equipment, net | (3,688) | (2,540) | (31,254) |
| Loss on impairment of fixed assets (Note 13) | (14,873) | (1,741) | (126,042) |
| Gain on sales and loss on write-down of investment securities, net | 8,080 | 3,483 | 68,475 |
| Loss on liquidation and devaluation of subsidiaries and affiliated companies (Note 14) | (1,772) | (915) | (15,017) |
| Restructuring costs | (1,544) | (2,004) | (13,085) |
| Loss on transition to defined contribution pension plan (Note 7) | — | (1,410) | — |
| Loss on adjustment of employees' retirement benefits of the U.K. subsidiary (Note 7) | (1,731) | (1,814) | (14,669) |
| Other, net | (6,896) | (6,519) | (58,442) |
| | (20,718) | (12,701) | (175,577) |
| Income before income taxes and minority interests | 81,705 | 80,342 | 692,415 |
| Income taxes (Note 8): | | | |
| Current | 32,071 | 17,864 | 271,788 |
| Deferred | (12,412) | 10,301 | (105,186) |
| | 19,659 | 28,165 | 166,602 |
| Income before minority interests | 62,046 | 52,177 | 525,813 |
| Minority interests in earnings of consolidated subsidiaries | (3,469) | (4,768) | (29,398) |
| Net income | ¥ 58,577 | ¥ 47,409 | \$ 496,415 |

See accompanying notes to consolidated financial statements.