

Consolidated Balance Sheets

Toagosei Co., Ltd. and Consolidated Subsidiaries

December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2005	2006
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 14,186	¥ 11,440	\$ 119,101
Notes and accounts receivable.....	49,214	47,926	413,188
Inventories (Note 5).....	17,333	14,377	145,526
Short-term loans receivable.....	9,315	8,993	78,212
Deferred tax assets (Note 10).....	603	601	5,063
Other current assets.....	2,704	1,563	17,419
Allowance for doubtful receivables.....	(3,165)	(3,378)	(26,575)
Total current assets.....	89,563	81,524	751,936
Property, plant and equipment (Note 8):.....	247,325	244,189	2,076,446
Accumulated depreciation.....	(174,427)	(172,895)	(1,464,426)
Property, plant and equipment, net (Note 6).....	72,897	71,294	612,020
Investments and other assets:			
Investment securities (Notes 4 and 8).....	26,816	28,283	225,138
Long-term loans receivable.....	227	280	1,910
Intangible assets, net.....	2,230	1,004	18,729
Deferred tax assets (Note 10).....	262	314	2,201
Other assets.....	3,715	3,929	31,191
Allowance for doubtful receivables.....	(105)	(109)	(884)
Total investments and other assets.....	33,146	33,703	278,286
Total assets.....	¥195,607	¥186,521	\$1,642,243

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2005	2006
Liabilities and net assets			
Current liabilities:			
Notes and accounts payable	¥ 21,204	¥ 19,854	\$ 178,020
Short-term bank loans (Note 8)	4,793	3,930	40,241
Current portion of long-term debt (Note 8)	9,582	6,892	80,446
Commercial paper	15,000	9,000	125,934
Deferred tax liabilities (Note 10)	3	0	29
Accrued income taxes	1,837	3,264	15,427
Reserve for loss on guarantees granted to the obligations of others	—	1,085	—
Other current liabilities	8,225	8,071	69,061
Total current liabilities	60,646	52,098	509,160
Long-term liabilities:			
Long-term debt (Note 8)	10,657	16,340	89,479
Deferred tax liabilities (Note 10)	3,623	2,658	30,422
Accrued retirement benefits for employees (Note 9)	1,151	1,842	9,666
Accrued retirement benefits for directors	153	309	1,289
Other long-term liabilities	2,461	3,460	20,669
Total long-term liabilities	18,048	24,611	151,527
Commitments and contingencies (Note 17)			
Net assets:			
Shareholders' equity (Notes 11, 16 and 20):			
Common stock, without par value:			
Authorized – 480,000,000 shares			
Issued:			
2006 – 263,992,598 shares	20,886	—	175,353
2005 – 263,992,598 shares	—	20,886	—
Capital surplus	15,069	15,063	126,516
Retained earnings	59,717	54,644	501,366
Treasury stock (Note 15)	(624)	(550)	(5,246)
Total shareholders' equity	95,048	90,044	797,990
Valuation and translation adjustments:			
Unrealized holding gain on securities	8,418	9,697	70,681
Unrealized gain on hedging derivatives	8	—	69
Translation adjustments	395	(239)	3,318
Total valuation and translation adjustments	8,822	9,457	74,068
Minority interests	13,042	10,309	109,496
Total net assets	116,913	109,811	981,555
Total liabilities and net assets	¥195,607	¥186,521	\$1,642,243