

# Consolidated Statements of Income

Toagosei Co., Ltd. and Consolidated Subsidiaries

December 31

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2006	2005	2006
Net sales .....	¥155,804	¥151,443	\$1,308,070
Cost of sales .....	111,799	105,645	938,622
Gross profit .....	44,005	45,798	369,448
Selling, general and administrative expenses (Notes 9 and 12) .....	31,054	30,561	260,720
Operating income .....	12,950	15,236	108,728
Other income (expenses):			
Interest and dividend income .....	508	491	4,270
Interest expense .....	(363)	(384)	(3,053)
Equity in earnings of affiliates .....	583	439	4,895
Impairment loss on property, plant and equipment .....	(1,623)	(8)	(13,634)
Gain on change in equity ownership percentage .....	1,205	—	10,121
Gain on sales and disposal of property, plant and equipment .....	—	415	—
Provision of reserve for loss on guarantees granted to the obligations of others...	—	(63)	—
Other, net .....	262	711	2,202
Income before income taxes and minority interests .....	13,522	16,846	113,529
Income taxes (Note 10):			
Current .....	3,923	4,952	32,942
Deferred .....	1,933	(914)	16,232
	5,857	4,037	49,174
Minority interests .....	(703)	(677)	(5,909)
Net income (Note 20) .....	¥ 6,961	¥ 12,131	\$ 58,445

See accompanying notes to consolidated financial statements.