

Summary of Financial Results for the Fiscal Year Ended March 31, 2006

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
 Head Office: 4-4, Nishitenma 2-chome, Kita-ku, Osaka 530-8565
 URL: <http://www.sekisui.co.jp>
 Representative Director: Mr. Naotake Okubo, President
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 Date of Board Meeting for settling year-end consolidated accounts: April 27, 2006
 U.S. GAAP Applied: No

1. Consolidated Business Results for Fiscal Year Ended March 31, 2006 (April 1, 2005 - March 31, 2006)

(1) Consolidated Business Results (Note: Figures rounded down to the nearest million yen)

| | Net Sales | | Operating Income | | Recurring Income | |
|---------|-----------------|-----|------------------|------|------------------|------|
| | millions of yen | % | millions of yen | % | millions of yen | % |
| FY 2005 | 885,067 | 3.3 | 40,287 | 10.5 | 43,801 | 15.3 |
| FY 2004 | 856,935 | 5.2 | 36,445 | 57.9 | 37,986 | 38.2 |

| | Net Income | | Net Income per share | Net Income per share(diluted) | Return on Equity | Recurring Income to total capital Ratio | Recurring Income Ratio |
|---------|-----------------|------|----------------------|-------------------------------|------------------|---|------------------------|
| | millions of yen | % | yen | yen | % | % | % |
| FY 2005 | 20,229 | -9.2 | 37.78 | 37.75 | 5.9 | 5.6 | 4.9 |
| FY 2004 | 22,286 | 48.4 | 41.48 | 41.42 | 7.4 | 5.1 | 4.4 |

(Note) 1) Equity in earnings of affiliated companies FY 2005: 1,708 million yen FY 2004: 4,745 million yen

2) Average number of shares outstanding (consolidated) during FY 2005: 528,501,314 FY 2004: 532,358,357

3) Changes in accounting method Yes

4) The percentage figures accompanying net sales, operating income, recurring income and net income represent year-on-year changes.

(2) Consolidated Financial Position

| | Total Assets | | Shareholders' Equity | Shareholders' Equity Ratio | Shareholders' Equity per Share |
|---------|-----------------|--|----------------------|----------------------------|--------------------------------|
| | millions of yen | | millions of yen | % | yen |
| FY 2005 | 808,357 | | 377,205 | 46.7 | 711.54 |
| FY 2004 | 748,798 | | 310,196 | 41.4 | 582.42 |

(Note) Number of shares outstanding (consolidated) at year-end: March 31, 2006: 529,761,511 March 31, 2005: 532,254,537

(3) Consolidated Cash Flows

| | Operating Activities | Investing Activities | Financing Activities | End of Year Cash and Cash Equivalents |
|---------|----------------------|----------------------|----------------------|---------------------------------------|
| | millions of yen | millions of yen | millions of yen | millions of yen |
| FY 2005 | 38,268 | 14,847 | -41,421 | 44,629 |
| FY 2004 | 48,694 | -1,605 | -38,996 | 30,927 |

(4) Scope of Consolidation and Adoption of the Equity Method

Consolidated subsidiaries: 142; Non-consolidated subsidiaries accounted for by the equity method: 0;

Affiliates accounted for by the equity method: 8

(5) Changes in the Scope of Consolidation and Affiliates Accounted for Under the Equity Method

Consolidated subsidiaries: New 15; Excluded 11; Affiliates accounted for under equity method: New 0; Excluded 1

2. Consolidated Outlook for FY 2006 (April 1, 2006 - March 31, 2007)

| | Net Sales | Recurring Income | Net Income |
|-------------|-----------------|------------------|-----------------|
| | millions of yen | millions of yen | millions of yen |
| Interim | 430,000 | 14,000 | 6,500 |
| Entire Year | 905,000 | 45,000 | 23,500 |

Reference – Projected net income per share for the entire year: 44.36 yen

The above projections are based on information available at the time of release of this report.

Actual results could differ significantly from projections due to a variety of factors.

Summary of Business Results for Fiscal Year 2005 (Consolidated)

SEKISUI CHEMICAL CO., LTD

1. Business Results for FY2005 (Consolidated)

<Highlights>

Accomplishments:

Improved earnings capabilities of core businesses, accelerated global development, and reinforced foundations for growth

(1) Overall

(billion yen, %)

| | FY 2005 Actual | FY 2004 Actual | Difference | |
|------------------|----------------|----------------|------------|----------|
| Net Sales | 885.0 | 856.9 | 28.1 | (+3.3%) |
| Operating Income | 40.2 | 36.4 | 3.8 | (+10.5%) |
| Recurring Income | 43.8 | 37.9 | 5.8 | (+15.3%) |
| Net Income | 20.2* | 22.2 | -2.0 | (-9.2%) |

*The decline in net income during the fiscal year under review reflects the application of impairment accounting on fixed assets, resulting in impairment losses posted as extraordinary expenses.

(2) By Division

(billion yen, %)

| | FY 2005 Actual | | FY 2004 Actual | | Difference | |
|---|----------------|------------------|----------------|------------------|--------------|------------------|
| | Sales | Operating Income | Sales | Operating Income | Sales | Operating Income |
| Housing | 427.6 | 14.6 | 429.1 | 16.2 | -1.5 (-0.4%) | -1.5 (-9.6%) |
| Urban Infrastructure & Environmental Products | 214.0 | 10.4 | 204.8 | 8.8 | 9.2 (4.5%) | 1.5 (17.3%) |
| High Performance Plastics | 218.3 | 17.4 | 197.6 | 14.7 | 20.6 (10.4%) | 2.7 (18.6%) |
| Other Businesses | 51.0 | -2.4 | 52.5 | -3.3 | -1.4 (-2.8%) | 0.9 (-) |
| Eliminations or unallocatable accounts | -26.0 | 0.1 | -27.3 | -0.0 | 1.3 (-) | 0.1 (-) |
| Total | 885.0 | 40.2 | 856.9 | 36.4 | 28.1 (3.3%) | 3.8 (10.5%) |

(3) Overview

Housing: Both sales and earnings dropped as focus was given to improve marketing

No. of new construction units sold: 15,850 (compared with PY -810)

Living Environment Business: Posted 79.9 billion yen in sales (compared with PY +4%)

Stronger product lineup: Reinforced the Letoit JX series of collective housing by introducing features catering to the needs of families with small children and zero-energy-cost specifications (July)

Launched sales of the new 3-story housing product Domani Comfatic (Aug.)

Launched sales of Parfait Warm Airy (Oct.) that features a central heating system comprising floor with a thermal storage system and type-1 heat-transfer ventilation system

Marketing reforms: Reorganized sales framework (new home construction and Fami-S business divisions) by consolidating the six companies in the Kyushu region (July)

Attracted more visitors to exhibitions and captured more customers through "referrals promoted rebuilding of model homes (116 units in fiscal 2005)

Highlighted the unitized construction system; intensive focus on "Yurenavi" earthquake resistance diagnostic systems for individual homes, as well as simulation calculators that estimate zero-energy costs and lifecycle cost

Urban Infrastructure and Environmental Products: Against the backdrop of soaring raw materials prices, posted higher earnings and profit due to sustained profitability of core businesses and development of growth fields

| | |
|--------------------|--|
| Core businesses: | Greater acceptance of price hikes for PVC pipes and fittings in response to higher raw materials costs Expanded sales of systemized piping for detached housing products Demand created by increased construction of plants boosted sales growth of materials for this type of building (piping materials for ultrapure water, valves, etc.) |
| Growth fields: | Growth in the piping restoration business on the back of reinforced sales and assembly |
| Overseas Business: | Business expansion due to increased number of production sites for Fiber Reinforced Plastic Mortar Pipe in China Established a research center in Beijing, China and began joint R&D ventures with government and academia Acquired control of a Taiwanese valve manufacturer to bolster overseas development of materials for industrial plants |

High Performance Plastics: Sales grew in IT and automotive materials fields; overseas businesses also posted steady expansion.

-Higher sales of IT products (fine particles for liquid crystal displays, high performance plastics, etc.) and automotive materials (high-function interlayer films for laminated glass, precision industrial parts, polyolefin foams, etc.)

-Overseas businesses posted an increase in sales of 16% year on year

2. Forecast for FY 2006 (Consolidated)

| | |
|--|--|
| <Highlights> | |
| 1. Achieve growth by expanding into overseas markets and building a high earnings structure in all three divisions | |
| 2. Increase both interim and year-end dividends to pay an extra 2 yen per share (a change from 11 yen per share to 13 yen per share) | |

(1) Overall (billion yen)

| | Forecast FY 2006 | FY 2005 Actual | Difference |
|--------------------|--------------------------|-------------------------|-----------------------|
| Sales | 905.0 | 885.0 | 19.9 (2.3%) |
| Operating Income | 44.0 | 40.2 | 3.7 (9.2%) |
| Recurring Income | 45.0 | 43.8 | 1.1 (2.7%) |
| Net Income | 23.5 | 20.2 | 3.2 (16.2%) |
| Dividend Per Share | *13 yen (Interim: 6 yen) | 11 yen (Interim: 5 yen) | 2 yen (Interim: 1yen) |

*In accordance with the financial strategy stated in the new medium-term management plan "GS21-Go! Frontier," the Company will strive to achieve a 30% dividend payout ratio on a consolidated basis. Accordingly, the annual dividend per share for fiscal 2006 is expected to increase 2 yen to 13 yen

(2) By Division (billion yen, %)

| | Forecast FY 2006 | | FY 2005 Actual | | Difference | |
|---|------------------|------------------|----------------|------------------|-------------|------------------|
| | Sales | Operating Income | Sales | Operating Income | Sales | Operating Income |
| Housing | 430.0 | 15.0 | 427.6 | 14.6 | 2.3 (+0.6) | 0.3 (+2.1%) |
| Urban Infrastructure & Environmental Products | 225.0 | 12.0 | 214.0 | 10.4 | 10.9 (+5.1) | 1.5 (+15.3%) |
| High Performance Plastics | 225.0 | 20.0 | 218.3 | 17.4 | 6.6 (+3.1) | 2.5 (+14.3%) |
| Other Businesses | 50.0 | -3.0 | 51.0 | -2.4 | -1.0 (-2.1) | -0.5 (-) |
| Eliminations or unallocatable accounts | -25.0 | - | -26.0 | 0.1 | 1.0 (-) | -0.1 (-) |
| Total | 905.0 | 44.0 | 885.0 | 40.2 | 19.9 (+2.3) | 3.7 (+9.2%) |

(3) Overview

Housing: Restore the number of orders received to previous levels by qualitative change of the housing business offer high-function housing products that are environment-friendly, and build a strong earnings structure

No. of new construction units to be sold: 15,000 (compared with PY -850)

Living Environment Business: Post 91.5 billion yen in sales (compared with PY +14%)

Stronger product lineup: Launch sales of Parfait Master Design, a new zero-energy housing product (April)
Launch sales of Northword Beyond, a housing product equipped with central heating and ventilation systems for regions with heavy snow or cold weather

Marketing reforms: Attract more visitors to exhibitions and capture more customers through "referrals"; boost professional skills of the sales staff
Highlight the unitized construction system; intensive focus on "Yurenavi" earthquake resistance diagnostic systems for individual homes, as well as simulation calculators that estimate zero-energy costs and lifecycle costs
Expand sales of collective housing products and condominiums; build a strong sales framework comprising full-time staff

Living Environment Business: Reinforce the "60 Year Long-term Support System"

Focus on expanding sales of key products such as solar power generation systems

Urban Infrastructure & Environmental Products: Bolster overseas development by creating and expanding new businesses in water environment solutions

Businesses in core fields: Build an even stronger earnings structure

Overseas business expansion: Promote the expansion of businesses in pipe systems for building equipment and Fiber Reinforced Plastic Mortar Pipe both in China

Plan opening of production sites based in the U.S. for the piping restoration business and promote entry to markets in large metropolitan areas

Accelerate overseas business expansion of materials for industrial plants, with a new factory in Taiwan (scheduled to come on stream in early 2007) as a production base

High Performance Plastics: Boost operations in core fields (automotive, IT and medical) and grow overseas business

Businesses in core fields: Channel management resources into business expansion

Overseas business expansion: Accelerate business expansion, focusing on products that boast world-leading market share (interlayer films for laminated glass for automotives, polyolefin foams, etc.)

-To come on stream in 2006: Factories specializing in polyolefin foams and interlayer films for laminated glass in China and the Netherlands, respectively.

-Construction in progress: a factory specializing in interlayer films for laminated glass in North America, scheduled to come on stream in the fall of 2007

3. Scope of Consolidation

(No. of Companies)

| | FY 2005 | FY 2004 | Difference |
|-------------------------|---------|---------|------------|
| Consolidated Companies | 142 | 138 | 4 |
| Equity Method Companies | 8 | 9 | -1 |

Consolidated 15 Excluded 11
 YoY Impact (100 million yen):
 Sales +129, Operating Income +11,

4. Cash Flow (Consolidated)

(100 million yen)

| | FY2005 | FY2004 |
|--|--------|--------|
| Operating Activities | 382 | 486 |
| Investing Activities | 148 | -16 |
| Financing Activities | -414 | -389 |
| Translation Difference on Cash and Cash Equivalents | 3 | 3 |
| Increase in Cash and Cash Equivalents | 120 | 84 |
| Increase in Cash and Cash Equivalents from an Increase in Consolidated Companies | 16 | 0 |
| Decrease in Cash and Cash Equivalents from the Exclusion of Consolidated Companies | - | -0 |
| Term End Balance of Cash and Cash Equivalents | 446 | 309 |
| Free Cash Flow | 475 | 420 |

| | | | |
|------------------------------|------------|------------|------------------------|
| | FY 2005 | FY 2004 | Difference |
| Interest Bearing Liabilities | 946 | 1,195 | -249 (100 million yen) |
| Total Asset Turnover Ratio | 1.14 times | 1.14 times | - |

5. Capital Expenditure

(100 million yen)

| | FY 2005 | FY 2004 | Difference |
|--|---------|---------|------------|
| Housing | 58 | 60 | -1 |
| Urban Infrastructure & Environmental | 61 | 46 | 15 |
| High Performance Plastics | 143 | 88 | 54 |
| Other Businesses | 14 | 22 | -8 |
| Eliminations or unallocatable accounts | 5 | 40 | -35 |
| Consolidated | 283 | 258 | 25 |

Breakdown of Capital Investment:
 Constructing the plant for raw material resin in the Netherlands

6. Depreciation

(100 million yen)

| | FY 2005 | FY 2004 | Difference |
|--|---------|---------|------------|
| Housing | 55 | 60 | -4 |
| Urban Infrastructure & Environmental | 55 | 62 | -6 |
| High Performance Plastics | 117 | 111 | 6 |
| Other Businesses | 16 | 17 | 0 |
| Eliminations or unallocatable accounts | 10 | 11 | -1 |
| Consolidated | 255 | 263 | -8 |

7. Research & Development Expenses

(100 million yen)

| | FY 2005 | FY 2004 | Difference |
|--------------------------------------|---------|---------|------------|
| Housing | 48 | 45 | 3 |
| Urban Infrastructure & Environmental | 58 | 60 | -1 |
| High Performance Plastics | 89 | 89 | -0 |
| Other Businesses | 33 | 35 | -2 |
| Total | 230 | 229 | 1 |

8. Sales and Operating Income per Region

(100 million yen)

| | | Japan | U.S.A. | Europe | Asia | Others | Eliminated | Total |
|------------------|------------|-------|--------|--------|------|--------|------------|-------|
| Sales | FY 2005 | 8,240 | 240 | 301 | 337 | 30 | -300 | 8,850 |
| | FY 2004 | 8,045 | 207 | 287 | 250 | 25 | -246 | 8,569 |
| | Difference | 194 | 32 | 14 | 87 | 5 | -53 | 281 |
| Operating Income | FY 2005 | 330 | 14 | 34 | 22 | 3 | -3 | 402 |
| | FY 2004 | 309 | 11 | 30 | 12 | 2 | -2 | 364 |
| | Difference | 21 | 3 | 3 | 10 | 0 | -1 | 38 |

Consolidated Financial Statements

1. Consolidated Balance Sheets

(Millions of Yen)

| Term Item | FY 2005 | | FY 2004 | | Difference |
|--------------------------------------|--------------------|--------|--------------------|--------|------------|
| | As of 31 Mar. 2006 | | As of 31 Mar. 2005 | | |
| | Amount | % | Amount | % | |
| (Assets) | | | | | |
| 1) Current Assets | | | | | |
| 1. Cash and deposits | 44,715 | | 31,157 | | 13,557 |
| 2. Trade notes receivable | 51,827 | | 55,690 | | -3,863 |
| 3. Accounts receivable | 97,864 | | 77,243 | | 20,620 |
| 4. Securities | - | | 11 | | -11 |
| 5. Inventories | 35,775 | | 32,457 | | 3,318 |
| 6. Land for sale | 13,397 | | 10,541 | | 2,855 |
| 7. Other inventories | 45,721 | | 44,829 | | 891 |
| 8. Advances | 1,471 | | 807 | | 664 |
| 9. Prepaid expenses | 1,161 | | 1,200 | | -38 |
| 10. Deferred tax assets | 7,615 | | 15,244 | | -7,628 |
| 11. Short-term loans | 2,534 | | 3,586 | | -1,052 |
| 12. Other | 13,499 | | 15,949 | | -2,450 |
| 13. Allowance for doubtful accounts | -903 | | -1,745 | | 841 |
| Total current assets | 314,680 | 38.9 | 286,975 | 38.3 | 27,704 |
| 2) Fixed assets | | | | | |
| 1. Tangible fixed assets | | | | | |
| (1) Buildings & structures | 82,580 | | 84,356 | | -1,775 |
| (2) Machinery, equipment and tools | 59,799 | | 57,989 | | 1,809 |
| (3) Land | 64,096 | | 72,420 | | -8,323 |
| (4) Construction in progress | 12,067 | | 6,893 | | 5,173 |
| (5) Other | 7,886 | | 7,246 | | 639 |
| (Total tangible fixed assets) | 226,429 | (28.0) | (228,906) | (30.6) | -2,476 |
| 2. Intangible fixed assets | | | | | |
| (1) Software | 3,900 | | 4,450 | | -550 |
| (2) Consolidation adjustment account | 3,070 | | 3,145 | | -74 |
| (3) Other | 1,961 | | 1,792 | | 169 |
| (Total intangible assets) | 8,932 | (1.1) | (9,388) | (1.3) | -455 |
| 3. Investments and other assets | | | | | |
| (1) Investments in securities | 241,248 | | 188,668 | | 52,580 |
| (2) Long-term loans | 4,207 | | 3,410 | | 797 |
| (3) Long-term prepaid expenses | 1,635 | | 1,256 | | 378 |
| (4) Deferred income taxes | 3,325 | | 21,259 | | -17,933 |
| (5) Other | 10,889 | | 10,760 | | 128 |
| (6) Allowance for doubtful accounts | -2,991 | | -1,827 | | -1,164 |
| (Total investment and other assets) | 258,314 | (32.0) | (223,528) | (29.9) | 34,786 |
| Total fixed assets | 493,676 | 61.1 | 461,823 | 61.7 | 31,853 |
| Total assets | 808,357 | 100.0 | 748,798 | 100.0 | 59,558 |

(Millions of Yen)

| Term Item | FY 2005 | | FY 2004 | | Difference |
|--|--------------------|-------|--------------------|-------|------------|
| | As of 31 Mar. 2006 | | As of 31 Mar. 2005 | | |
| | Amount | % | Amount | % | |
| (Liabilities) | | | | | |
| 1) Current liabilities | | | | | |
| 1. Trade notes payable | 14,949 | | 15,742 | | -792 |
| 2. Accounts payable | 112,674 | | 113,464 | | -789 |
| 3. Short-term loans | 33,202 | | 34,544 | | -1,341 |
| 4. Accrued expenses | 27,794 | | 25,238 | | 2,555 |
| 5. Accrued income taxes | 5,145 | | 4,491 | | 653 |
| 6. Deferred tax liabilities | 122 | | 407 | | -285 |
| 7. Provision for bonuses | 12,006 | | 11,335 | | 671 |
| 8. Provision for compensation for completed constructions | 964 | | 918 | | 45 |
| 9. Advances received | 38,762 | | 38,917 | | -155 |
| 10. Other | 29,725 | | 27,958 | | 1,767 |
| Total of current liabilities | 275,348 | 34.1 | 273,020 | 36.5 | 2,327 |
| 2) Fixed liabilities | | | | | |
| 1. Bonds | 15,000 | | 25,000 | | -10,000 |
| 2. Long-term loans | 46,405 | | 59,998 | | -13,593 |
| 3. Deferred tax liabilities | 15,062 | | 3,390 | | 11,671 |
| 4. Provision for retirement allowance | 62,895 | | 64,513 | | -1,618 |
| 5. Other | 6,185 | | 5,016 | | 1,169 |
| Total fixed liabilities | 145,549 | 18.0 | 157,920 | 21.1 | -12,371 |
| Total liabilities | 420,897 | 52.1 | 430,940 | 57.6 | -10,043 |
| (Minority shareholders' interests) | 10,253 | 1.3 | 7,661 | 1.0 | 2,592 |
| (Shareholders' equity) | | | | | |
| 1) Common stock | 100,002 | 12.4 | 100,002 | 13.4 | - |
| 2) Capital surplus | 109,456 | 13.5 | 109,266 | 14.6 | 190 |
| 3) Retained earnings | 118,909 | 14.7 | 97,641 | 13.0 | 21,267 |
| 4) Unrealized gain on land revaluation | 215 | 0.0 | 349 | 0.0 | -134 |
| 5) Unrealized holding gain (loss) on securities | 54,051 | 6.7 | 6,666 | 0.9 | 47,385 |
| 6) Foreign currency translation adjustments | 1,199 | 0.1 | -601 | -0.1 | 1,801 |
| 7) Treasury stocks | -6,629 | -0.8 | -3,128 | -0.4 | -3,501 |
| Total shareholders' equity | 377,205 | 46.7 | 310,196 | 41.4 | 67,009 |
| Total liabilities, minority shareholders' interest, and shareholders' equity | 808,357 | 100.0 | 748,798 | 100.0 | 59,558 |

2. Consolidated Profit and Loss Statement

(Millions of Yen)

| Term Item | FY 2005 | | FY 2004 | | Difference | | |
|---|-------------------------------------|---------|-------------------------------------|-------|------------|-------|--------|
| | From 1 Apr. 2005 to 31 Mar. 2006 | | From 1 Apr. 2004 to 31 Mar. 2005 | | | | |
| | Amount | % | Amount | % | | | |
| 1) Net sales | | 885,067 | 100.0 | | 856,935 | 100.0 | 28,132 |
| 2) Cost of sales | | 627,279 | 70.9 | | 605,671 | 70.7 | 21,608 |
| Gross income | | 257,788 | 29.1 | | 251,263 | 29.3 | 6,524 |
| 3) Selling, general & administrative expenses | | 217,500 | 24.6 | | 214,818 | 25.1 | 2,682 |
| Operating income | | 40,287 | 4.6 | | 36,445 | 4.3 | 3,841 |
| 4) Non-operating income | | | | | | | |
| 1. Interest income | 1,033 | | | 884 | | | |
| 2. Dividend income | 2,634 | | | 323 | | | |
| 3. Investment income resulting from equity method | 1,708 | | | 4,745 | | | |
| 4. Miscellaneous income | 6,492 | 11,869 | 1.3 | 5,631 | 11,584 | 1.4 | 284 |
| 5) Non-operating expenses | | | | | | | |
| 1. Interest expenses | 2,131 | | | 2,483 | | | |
| 2. Discount on commercial paper | - | | | 0 | | | |
| 3. Sales discounts | 328 | | | 332 | | | |
| 4. Miscellaneous expenses | 5,894 | 8,355 | 0.9 | 7,227 | 10,043 | 1.2 | -1,688 |
| Recurring income | | 43,801 | 4.9 | | 37,986 | 4.4 | 5,814 |
| 6) Extraordinary income | | | | | | | |
| 1. Dilution gain | 5,189 | | | 2,420 | | | |
| 2. Gain on transfer of business | - | 5,189 | 0.6 | 440 | 2,860 | 0.3 | 2,329 |
| 7) Extraordinary expenses | | | | | | | |
| 1. Expenses for change-of-job and early retirement programs | 11,880 | | | - | | | |
| 2. Loss on asset impairment | 3,946 | | | 4,059 | | | |
| 3. Structural improvement expenses | 1,328 | 17,155 | 1.9 | 4,678 | 8,737 | 1.0 | 8,417 |
| Income before income taxes and minority interests | | 31,835 | 3.6 | | 32,109 | 3.7 | -273 |
| Income taxes | | 6,584 | 0.7 | | 4,481 | 0.5 | 2,102 |
| Deferred taxes | | 4,584 | 0.5 | | 5,752 | 0.7 | -1,168 |
| Minority interests or loss | | 437 | 0.0 | | -412 | -0.0 | -25 |
| Net income | | 20,229 | 2.3 | | 22,286 | 2.6 | -2,056 |

3. Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

| Term Item | FY 2005 From 1 Apr. 2005 to 31 Mar. 2006 | | FY 2004 From 1 Apr. 2004 to 31 Mar. 2005 | | Difference |
|---|--|---------|--|---------|------------|
| | Amount | | Amount | | |
| (Capital surplus) | | | | | |
| 1) Capital reserve at beginning of term | | 109,266 | | 109,243 | 23 |
| 2) Increase in capital surplus | | | | | |
| Disposal of treasury stock | 190 | 190 | 23 | 23 | 190 |
| 3) Capital surplus at end of term | | 109,456 | | 109,266 | 213 |
| (Retained earnings) | | | | | |
| 1) Retained earnings at beginning of term | | 97,641 | | 80,792 | 16,848 |
| 2) Increase in retained earnings | | | | | |
| 1. Net income | 20,229 | | 22,286 | 22,286 | |
| 2. Increase due to exclusion of affiliates accounted for by the equity method | 6,945 | 27,174 | - | | 4,888 |
| 3) Decrease in retained earnings | | | | | |
| 1. Dividends | 5,329 | | 4,825 | | |
| 2. Directors' bonuses | 209 | | 159 | | |
| 3. Decrease due to increase in consolidated subsidiaries | 369 | | 435 | | |
| 4. Decrease due to exclusion of subsidiaries from consolidation | - | 5,908 | 17 | 5,438 | 470 |
| 4) Retained earnings at end of term | | 118,909 | | 97,641 | 21,267 |

4. Consolidated Statements of Cash Flows

(Millions of Yen)

| Term Item | FY 2005 | FY 2004 |
|--|-------------------------------------|-------------------------------------|
| | From 1 Apr. 2005 to 31 Mar. 2006 | From 1 Apr. 2004 to 31 Mar. 2005 |
| 1) Operating activities | | |
| 1. Income (loss) before income taxes and minority interests | 31,835 | 32,109 |
| 2. Depreciation and amortization | 25,536 | 26,344 |
| 3. Loss on asset impairment | 11,880 | - |
| 4. Gain on change in equity | -5,189 | -2,420 |
| 5. Loss on sales or disposal of property, plant and equipment | 1,328 | 4,678 |
| 6. Reversal of retirement benefits, net of payments | -1,766 | -579 |
| 7. Interest and dividend income | -3,668 | -1,207 |
| 8. Interest expense | 2,460 | 2,816 |
| 9. Equity in (earnings) losses of affiliates | -1,708 | -4,745 |
| 10. Decrease (increase) in accounts receivable | -12,056 | -16,584 |
| 11. Decrease (increase) in inventories | -4,872 | -6,663 |
| 12. Increase (decrease) in accounts payable | -3,215 | 2,462 |
| 13. Increase in advances received | -181 | 6,347 |
| 14. Directors' bonuses paid | -209 | -159 |
| 15. Other | 2,324 | 8,324 |
| Subtotal | 42,498 | 50,722 |
| 16. Interest and dividends received | 4,092 | 4,198 |
| 17. Interest paid | -2,646 | -2,917 |
| 18. Income taxes paid | -5,676 | -3,308 |
| Net cash provided by operating activities (1) | 38,268 | 48,694 |
| 2) Investing activities | | |
| 1. Purchases of property, plant and equipment | -24,088 | -24,027 |
| 2. Proceeds from sales of property, plant and equipment | 2,322 | 9,141 |
| 3. Purchases of investment securities | -6,168 | -2,082 |
| 4. Proceeds from sales of investment securities | 47,122 | 15,532 |
| 5. Purchases of intangible assets and long-term prepaid expenses | -1,498 | - |
| 6. Purchases of intangible assets and other assets | -2,727 | -2,350 |
| 7. Decrease (increase) in short-term loans, net | 1,002 | 1,622 |
| 8. Proceeds from recovery of long-term loans | 936 | 670 |
| 9. Long-terms loans | -1,976 | -398 |
| 10. Other | -78 | 285 |
| Net cash provided (used in) by investing activities (2) | 14,847 | -1,605 |
| 3) Financing activities | | |
| 1. Decrease in short-term debt, net | 2,305 | -16,660 |
| 2. Decrease in commercial paper, net | - | -5,000 |
| 3. Proceeds from long-term loans | 256 | 1,572 |
| 4. Repayment of long-term loans | -23,775 | -13,485 |
| 5. Repayment of bonds | -10,413 | -204 |
| 6. Dividends paid | -5,328 | -4,818 |
| 7. Cash dividends paid to minority shareholders of consolidated subsidiaries | -221 | -205 |
| 8. Purchase of treasury stock | -10,913 | -962 |
| 9. Proceeds from sale of treasury stock | 5,534 | 7 |
| 10. Other | 1,133 | 758 |
| Net cash used in financing activities (3) | -41,421 | -38,996 |
| 4) Effect of exchange rate changes on cash and cash equivalents (4) | 345 | 319 |
| 5) Net increase in cash and cash equivalents (1)+(2)+(3)+(4) | 12,039 | 8,412 |
| 6) Cash and cash equivalents at beginning of term | 30,927 | 22,535 |
| 7) Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries | 1,662 | 27 |
| 8) Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | - | -47 |
| 9) Cash and cash equivalents at end of term | 44,629 | 30,927 |

5. Segment Information

(Business segments)

Fiscal 2005 (Apr. 1, 2005 to Mar. 31, 2006)

(Millions of Yen)

| | Housing | Urban Infrastructure & Environmental Products | High Performance Plastics | Other Business | Total | Eliminations or Unallocatable Accounts | Consolidated |
|-------------------------------|---------|---|---------------------------------|-------------------|---------|---|--------------|
| I. Net sales: | | | | | | | |
| (1)To third parties. | 427,217 | 202,737 | 210,832 | 44,279 | 885,068 | - | 885,067 |
| (2)Intersegment | 403 | 11,334 | 7,472 | 6,800 | 26,010 | (26,010) | - |
| Total | 427,621 | 214,072 | 218,305 | 51,079 | 911,078 | (26,010) | 885,067 |
| Operating expenses | 412,928 | 203,661 | 200,807 | 53,505 | 870,903 | (26,122) | 844,780 |
| Operating income | 14,693 | 10,410 | 17,497 | -2,425 | 40,175 | 112 | 40,287 |
| II. Assets | 175,247 | 160,475 | 191,467 | 47,132 | 574,323 | 234,033 | 808,357 |
| Depreciation and amortization | 5,533 | 5,523 | 11,776 | 1,687 | 24,520 | 1,015 | 25,536 |
| Loss on asset impairment | 11,880 | - | - | - | 11,880 | - | 11,880 |
| Capital expenditures | 5,892 | 6,199 | 14,304 | 1,430 | 27,827 | 520 | 28,348 |

Fiscal 2004 (Apr. 1, 2004 to Mar. 31, 2005)

(Millions of Yen)

| | Housing | Urban Infrastructure & Environmental Products | High Performance Plastics | Other Business | Total | Eliminations or Unallocatable Accounts | Consolidated |
|-------------------------------|---------|---|---------------------------------|-------------------|---------|---|--------------|
| I. Net sales: | | | | | | | |
| (1)To third parties. | 428,904 | 192,901 | 191,502 | 43,627 | 856,935 | - | 856,935 |
| (2)Intersegment | 289 | 11,920 | 6,186 | 8,913 | 27,311 | (27,311) | - |
| Total | 429,194 | 204,822 | 197,688 | 52,541 | 884,247 | (27,311) | 856,935 |
| Operating expenses | 412,948 | 195,946 | 182,932 | 55,886 | 847,713 | (27,223) | 820,489 |
| Operating income | 16,246 | 8,875 | 14,756 | -3,345 | 36,533 | (87) | 36,445 |
| II. Assets | 188,203 | 144,874 | 171,063 | 45,776 | 549,919 | 198,878 | 748,798 |
| Depreciation and amortization | 6,025 | 6,214 | 11,149 | 1,778 | 25,166 | 1,177 | 26,344 |
| Capital expenditures | 6,036 | 4,612 | 8,822 | 2,269 | 21,742 | 4,077 | 25,820 |

(Note) Company-wide assets included under eliminations or unallocatable accounts in assets were 293,079 million yen for the fiscal year under review, 252,004 million yen for the previous fiscal year. These amounts mainly consisted of items at the parent company such as cash and time deposits, long-term investments (investments in securities), and assets and deferred assets related to the Administrative Department.

(Geographical Segments)

Fiscal 2005 (Apr. 1, 2005 to Mar. 31, 2006)

(Millions of Yen)

| | Japan | United States of America | Europe | Asia | Others | Total | Eliminations or unallocatable accounts | Consolidated |
|---------------------|---------|-----------------------------|--------|--------|--------|---------|---|--------------|
| I. Net sales: | | | | | | | | |
| (1)To third parties | 798,572 | 22,848 | 28,459 | 32,239 | 2,947 | 885,067 | - | 885,067 |
| (2)Intersegment | 25,466 | 1,189 | 1,710 | 1,539 | 117 | 30,023 | (30,023) | - |
| Total | 824,039 | 24,037 | 30,169 | 33,778 | 3,064 | 915,090 | (30,023) | 885,067 |
| Operating expenses | 790,963 | 22,543 | 26,695 | 31,532 | 2,748 | 874,482 | (29,702) | 844,780 |
| Operating income | 33,076 | 1,494 | 3,474 | 2,245 | 315 | 40,607 | (321) | 40,287 |
| II. Assets | 473,615 | 18,931 | 31,458 | 31,882 | 3,646 | 559,533 | 248,824 | 808,357 |

Fiscal 2005 (Apr. 1, 2005 to Mar. 31, 2006)

(Millions of Yen)

| | Japan | United States of America | Europe | Asia | Others | Total | Eliminations or unallocatable accounts | Consolidated |
|---------------------|---------|-----------------------------|--------|--------|--------|---------|---|--------------|
| I. Net sales: | | | | | | | | |
| (1)To third parties | 783,174 | 19,428 | 27,806 | 24,113 | 2,414 | 856,935 | - | 856,935 |
| (2)Intersegment | 21,406 | 1,311 | 931 | 907 | 108 | 24,666 | (24,666) | - |
| Total | 804,580 | 20,740 | 28,737 | 25,020 | 2,522 | 881,601 | (24,666) | 856,935 |
| Operating expenses | 773,621 | 19,584 | 25,639 | 23,812 | 2,279 | 844,935 | (24,445) | 820,489 |
| Operating income | 30,959 | 1,156 | 3,098 | 1,208 | 243 | 36,665 | (220) | 36,445 |
| II. Assets | 468,026 | 12,813 | 28,005 | 16,547 | 2,651 | 528,044 | 220,753 | 748,798 |

(Note) Please refer to the note in Business segments for the main items of company-wide assets included under eliminations or unallocatable accounts in assets.

(Overseas net sales)

Fiscal 2005 (Apr. 1, 2005 to Mar. 31, 2006)

| | United States of America | Europe | Asia | Others | Total |
|---|--------------------------|--------|--------|--------|---------|
| I Overseas net sales (millions of yen) | 23,014 | 28,903 | 39,601 | 3,219 | 94,738 |
| II Consolidated net sales (millions of yen) | | | | | 885,067 |
| III Overseas net sales as a ratio of consolidated net sales (%) | 2.6 | 3.3 | 4.5 | 0.4 | 10.7 |

Fiscal 2004 (Apr. 1, 2004 to Mar. 31, 2005)

| | United States of America | Europe | Asia | Others | Total |
|---|--------------------------|--------|--------|--------|---------|
| I Overseas net sales (millions of yen) | 20,169 | 28,842 | 29,820 | 2,415 | 81,247 |
| II Consolidated net sales (millions of yen) | | | | | 856,935 |
| III Overseas net sales as a ratio of consolidated net sales (%) | 2.4 | 3.4 | 3.5 | 0.3 | 9.5 |

Notes: 1. Country and regional segments are classified on the basis of geographic proximity.

2. Principal countries and regions:

U.S. --- The United States of America

Europe --- Germany, UK, the Netherlands, Switzerland, Italy, Spain and France

Asia --- Thailand, Korea, Singapore and China

Other --- Mexico and Australia

3. Overseas sales is a sum of sales posted by the Company and its consolidated subsidiaries located in countries and regions outside Japan