

July 31, 2006

Consolidated First-Quarter Earnings Report for the Year Ending March 31, 2007

Company Name: Sekisui Chemical Co., Ltd.

Code No.: 4204

Stock Listings:

Tokyo and Osaka stock exchanges (First Section)

(URL <http://www.sekisui.co.jp>)

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1. Matters Pertaining to Preparation of First-Quarter Operating Results

- (1) Application of simplified accounting methods : Yes
Simplified accounting methods have been applied to the presentation of certain financial accounts, such as the recording of allowances, without biasing the judgment of investors and other stakeholders, in conformity with standards for preparing interim financial statements.
- (2) Changes in accounting methods from the most-recent consolidated fiscal year : No
- (3) Changes in the scope of consolidation and affiliates accounted for under the equity method : Yes
Consolidated subsidiaries: New 6; Excluded 1; Affiliates accounted for under equity method: New 0; Excluded 0

2. First-Quarter Financial and Operating Results for Fiscal Year Ending March 31, 2007

(April 1, 2006 to June 30, 2006)

(1) Consolidated business results

(Figures rounded down to the nearest million yen)

	Net Sales		Operating Income		Recurring Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Year ending March 31, 2007 First Qtr.	185,017	-3.8	-33	-	995	-64.7	-2,413	-
Year ended March 31, 2006 First Qtr.	192,282	8.1	1,191	-	2,819	-	-3,773	-
(Ref.) Year ended March 31, 2006	885,067		40,287		43,801		20,229	

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
Year ending March 31, 2007 First Qtr.	-4.56	-
Year ended March 31, 2006 First Qtr.	-7.18	-
(Ref.) Year ended March 31, 2006	37.78	37.75

(Note) The percentage figures accompanying net sales, operating income, etc. indicate year-on-year changes.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	millions of yen	millions of yen	%	yen
Year ending March 31, 2007 First Qtr.	777,983	367,877	46.1	694.24
Year ended March 31, 2006 First Qtr.	741,724	310,809	41.9	587.53
(Ref.) Year ended March 31, 2006	808,357	377,205	46.7	711.54

(Note) The figures for the Year ending March 31, 2006 First Qtr. and the Shareholders' Equity for the Year ending March 31, 2006, First Qtr. do not include Minority Shareholders' Interest.

(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
Year ending March 31, 2007 First Qtr.	-5,895	-11,706	-829	26,546
Year ended March 31, 2006 First Qtr.	-6,545	36,328	-11,258	50,599
(Ref.) Year ended March 31, 2006	38,268	14,847	-41,421	44,629

3. Qualitative information related to consolidated business results

(1) Consolidated business results for the three months ended June 30, 2006

Regarding the consolidated business results for the first quarter, the important Automotive and IT-related markets made a transition to growth, and sales of interlayer film for laminated glass for automobiles, materials for LCD panels, and industrial plant materials increased in both domestic and overseas markets. On the other hand, the Housing Company, which has been conducting qualitative marketing reforms since the previous year, had an increase in housing unit orders in the first quarter vs. the same period in the previous year. Thus, the marketing reforms are showing indications of being reflected in business performance. However, due to the decrease in housing unit orders for the second half of the previous fiscal year, consolidated net sales were slightly lower than the same period a year ago. Operating income and recurring income were both lower year on year, reflecting the lower sales.

Net income for the first quarter has been improved due to the absence of such large item being posted in extraordinary expenses as in the first quarter of the previous year, accompanying the adoption of "Accounting Standards for Impairment of Fixed Assets".

(2) Business results by company in the three months ended June 30, 2006

<Housing>

In the housing segment, both sales and earnings declined due to a decrease in housing orders received in the second half of the previous year.

In the first quarter, orders received for housing units rose 5% over the same period in the previous year, and order unit prices rose 3% year on year. This was mainly due to a focus on high-performance, environmentally friendly homes, the enhancement of the performance indication system for individual houses and the benefits of qualitative marketing reforms. The housing market also regained strength due to factors such as improved business sentiment, anticipation of an interest rate hike and an end to falling land prices. Sales in the living environment business, centered on the home remodeling business, increased 7%.

In April 2006, the Company launched sales of Parfait Master Design, a new zero-energy housing product that has no heating and lighting expenses despite a reduction in energy generating capacity. This illustrates the Company's efforts to continue developing the advanced functionality of its products.

<Urban Infrastructure & Environmental Products>

Price increases in the main PVC pipe businesses conducted in October 2005 in response to raw material price increases won acceptance in the market, resulting in improved business performance. Also, the sales of industrial plant materials such as clean pipes, valves, etc., used in semiconductor fabrication facilities, etc., were strong and showed significant increases domestically and overseas. Overall segment sales rose slightly, and operating income at the same level as the previous year was secured.

<High Performance Plastics>

Both segment sales and earnings rose over the same period in the previous year on the back of firm sales in the automotive and IT businesses. In the automotive business, sales of polyolefin foam, interlayer film for laminated glass, and industrial goods were particularly strong. In the IT business, sales increases centered on materials for LCD panels.

(3) Consolidated financial position

Financial position for the three months to June 30, 2006

Total assets as of June 30, 2006 were 30.3 billion yen lower than March 31, 2006 at 777.9 billion yen. Current assets declined 12.1 billion yen, due to decreases in cash and deposits and accounts receivable, despite increased housing work-in-progress and other inventory assets. In addition, there was a drop of 18.2 billion yen in property, plant and equipment, chiefly due to the effect of the market value of investments in securities.

Net assets decreased 9.3 billion yen from March 31, 2006 to 367.8 billion yen. (Effective from the first quarter under review, equity of minority shareholders has been included in net assets. Applying the same standards as those used at the end of the previous fiscal year, net assets would have decreased 19.5 billion yen.)

As a result of the decline in net assets, the shareholders' equity ratio was 46.1%.

Cash flows for the three months to June 30, 2006

Net cash used in operating activities was 5.8 billion yen(outflow). This was mainly due to cash outflows of 5.7 billion yen for increases in operating capital and 3.3 billion yen in income taxes paid, despite cash inflows of 0.5 billion yen in income before income taxes and minority interests, and 5.7 billion yen in depreciation and amortization.

Net cash used in investing activities was 11.7 billion yen(outflow). This mainly reflected investments of 11.5 billion yen that were concentrated overseas and in growth areas.

Net cash used in financing activities was 0.8 billion yen(outflow). This largely stemmed from dividend payments of 3.2 billion yen, partially offset by a net inflow of 2.1 billion yen in loans and debt.

As a result, cash and cash equivalents as of June 30, 2006 totaled 26.5 billion yen.

(Ref.)

1. Forecasts for interim period of fiscal 2006 (April 1, 2006 to September 30, 2006)

In light of strong orders for housing in the first quarter that exceeded initial forecasts, the Company has revised upwards both its consolidated and non-consolidated interim forecasts for net sales and earnings, announced on April 27, 2006 with the earnings report for the previous fiscal year.

1) Consolidated outlook for interim period of fiscal 2006 (April 1, 2006 to September 30, 2006)

	Net Sales	Recurring Income	Net Income	Net Income Per Share
Revised Forecast	millions of yen 430,000	millions of yen 16,000	millions of yen 8,000	yen 15.10
Previous Forecast	430,000	14,000	6,500	12.27

2) Non-consolidated outlook for interim period of fiscal 2006 (April 1, 2006 to September 30, 2006)

	Net Sales	Recurring Income	Net Income	Net Income Per Share
Revised Forecast	millions of yen 180,000	millions of yen 12,000	millions of yen 6,500	yen 12.27
Previous Forecast	175,000	10,500	5,000	9.44

2. Forecasts for fiscal 2006 (April 1, 2006 to March 31, 2007)

The Company's consolidated and non-consolidated full-year forecasts, announced on April 27, 2006 with the earnings report for the previous fiscal year, are unchanged.

Note: Forecasts are based on information available to management at the time of this announcement. A number of uncertainties may cause actual results to differ materially from forecasts.

1. Consolidated Balance Sheets for the Quarter

(Millions of Yen)

Term Item	1st Qtr. FY 2006		FY 2005		Difference	1st Qtr. FY 2005	
	As of 30 June 2006		As of 31 March 2006			As of 30 June 2005	
	Amount	%	Amount	%		Amount	%
(Assets)							
I. Current Assets							
1. Cash and deposits	26,633		44,715		-18,081	49,696	
2. Trade notes receivable	55,773		51,827		3,946	56,547	
3. Accounts receivable	83,216		97,864		-14,648	74,384	
4. Securities	-		-		-	2,102	
5. Product inventories	39,331		35,775		3,556	34,245	
6. Land for sale	13,782		13,397		385	10,558	
7. Other inventories	55,307		45,721		9,586	51,083	
8. Advances	2,041		1,471		569	873	
9. Prepaid expenses	2,677		1,161		1,515	2,149	
10. Deferred tax assets	7,855		7,615		240	16,567	
11. Short-term loans	3,190		2,534		656	3,440	
12. Other	13,718		13,499		219	13,636	
13. Allowance for doubtful accounts	-959		-903		-56	-1,788	
Total current assets	302,569	38.9	314,680	38.9	-12,110	313,498	42.3
II. Fixed assets							
1. Tangible fixed assets							
(1) Buildings & structures	83,095		82,580		515	82,863	
(2) Machinery, equipment and tools	59,923		59,799		124	59,478	
(3) Land	64,187		64,096		91	63,925	
(4) Construction in progress	15,282		12,067		3,215	7,463	
(5) Other	8,024		7,886		138	7,609	
(Total tangible fixed assets)	230,515	29.6	226,429	28.0	4,085	221,341	29.8
2. Intangible fixed assets							
(1) Software	3,699		3,900		-200	4,398	
(2) Goodwill	3,161		3,070		90	3,506	
(3) Other	1,886		1,961		-74	1,945	
(Total intangible assets)	8,747	1.1	8,932	1.1	-184	9,850	1.3
3. Investments and other assets							
(1) Investments in securities	219,384		241,248		-21,864	166,299	
(2) Long-term loans	4,137		4,207		-70	3,328	
(3) Long-term prepaid expenses	1,609		1,635		-25	1,254	
(4) Deferred income taxes	3,327		3,325		1	17,296	
(5) Other	10,686		10,889		-202	10,966	
(6) Allowance for doubtful accounts	-2,993		-2,991		-2	-2,111	
(Total investment and other assets)	236,151	30.4	258,314	32.0	-22,163	197,034	26.6
Total fixed assets	475,413	61.1	493,676	61.1	-18,262	428,226	57.7
Total assets	777,983	100.0	808,357	100.0	-30,373	741,724	100.0

(Millions of Yen)

Term Item	1st Qtr. FY 2006		FY 2005		Difference	1st Qtr. FY 2005	
	As of 30 June 2006		As of 31 March 2006			As of 30 June 2005	
	Amount	%	Amount	%		Amount	%
(Liabilities)							
I. Current liabilities							
1. Trade notes payable	14,622		14,949		-327	15,175	
2. Accounts payable	106,998		112,674		-5,676	107,864	
3. Short-term loans	47,281		33,202		14,078	42,257	
4. Bonds due within one year	10,000		-		10,000	-	
5. Accrued expenses	22,456		27,794		-5,337	23,030	
6. Accrued income taxes	4,158		5,145		-986	1,451	
7. Deferred tax liabilities	139		122		17	85	
8. Provision for bonuses	9,125		12,006		-2,880	8,931	
9. Provision for compensation for completing constructions	963		964		-1	918	
10. Advances received	47,291		38,792		8,529	43,295	
11. Other	31,467		29,725		1,742	28,867	
Total of current liabilities	294,505	37.9	275,348	34.1	19,157	271,878	36.7
II. Fixed liabilities							
1. Bonds	5,000		15,000		-10,000	25,000	
2. Long-term loans	35,837		46,405		-10,568	52,382	
3. Deferred tax liabilities	6,334		15,062		-8,727	3,413	
4. Provision for retirement allowances	62,170		62,895		-725	64,033	
5. Other	6,258		6,185		72	5,028	
Total fixed liabilities	115,600	14.9	145,549	18.0	-29,948	149,857	20.2
Total liabilities	410,106	52.7	420,897	52.1	-10,790	421,736	56.9
(Minority shareholders' interests)	-	-	10,253	1.3	-	9,178	1.2
(Shareholders' equity)							
I. Common stock	-	-	100,002	12.4	-	100,002	13.5
II. Capital surplus	-	-	109,456	13.5	-	109,650	14.8
III. Retained earnings	-	-	118,909	14.7	-	97,785	13.2
IV. Unrealized gain on land revaluation	-	-	215	0.0	-	349	0.0
V. Unrealized holding gain on securities	-	-	54,051	6.7	-	11,037	1.5
VI. Foreign currency translation adjustments	-	-	1,199	0.1	-	-877	-0.1
VII Treasury stock	-	-	-6,629	-0.8	-	-7,137	-1.0
Total shareholders' equity	-	-	377,205	46.7	-	310,809	41.9
Total liabilities, minority shareholders' interests, and shareholders' equity	-	-	808,357	100.0	-	741,724	100.0
(Net assets)							
I. Shareholders' equity							
1. Common stock	100,002	12.9	-	-	-	-	-
2. Capital surplus	109,420	14.1	-	-	-	-	-
3. Retained earnings	112,836	14.5	-	-	-	-	-
4. Treasury stock	-6,539	-0.8	-	-	-	-	-
Total shareholders' equity	315,719	40.6	-	-	-	-	-
II. Revaluation and translation adjustments							
1. Unrealized holding gain on securities	41,084	5.3	-	-	-	-	-
2. Unrealized gain on land revaluation	215	0.0	-	-	-	-	-
3. Foreign currency translation adjustments	1,943	0.2	-	-	-	-	-
Total revaluation and translation adjustments	43,243	5.6	-	-	-	-	-
III. Minority shareholders' interests	8,914	1.1	-	-	-	-	-
Total net assets	367,877	47.3	-	-	-	-	-
Total liabilities, net assets	777,983	100.0	-	-	-	-	-

2. Consolidated Profit and Loss Statement for the Quarter

(Millions of Yen)

Term Item	1st Qtr. FY 2006			1st Qtr. FY 2005			Difference	FY 2005		
	From 1 April 2006 to 30 June 2006			From 1 April 2005 to 30 June 2005				From 1 April 2005 to 31 March 2006		
	Amount	%		Amount	%			Amount	%	
I. Net sales		185,017	100.0		192,282	100.0	-7,265		885,067	100.0
II. Cost of sales		130,994	70.8		136,336	70.9	-5,342		627,279	70.9
Gross income		54,022	29.2		55,945	29.1	-1,922		257,788	29.1
III. Selling, general & administrative expenses		54,056	29.2		54,754	28.5	-698		217,500	24.6
Operating income or loss		-33	-0.0		1,191	0.6	-1,224		40,287	4.6
IV. Non-operating income										
1. Interest income	193			306				1,033		
2. Dividend income	1,220			1,445				2,634		
3. Investment income by equity method	-			-				1,708		
4. Miscellaneous income	1,242	2,655	1.4	1,370	3,122	1.6	-466	6,492	11,869	1.3
V. Non-operating expenses										
1. Interest expenses	383			509				2,131		
2. Sales discounts	74			77				328		
3. Investment loss resulting from equity method	13			56				-		
4. Miscellaneous expenses	1,156	1,627	0.9	850	1,494	0.8	132	5,894	8,355	0.9
Recurring income		995	0.5		2,819	1.5	-1,824		43,801	4.9
VI. Extraordinary income										
1. Gain on change in equity	-	-	-	5,155	5,155	2.7	-5,155	5,189	5,189	0.6
VII. Extraordinary expenses										
1. Loss on asset impairment	-			11,869				11,880		
2. Structural improvement expenses	-			-				3,946		
3. Loss on sales or disposal of property, plant and equipment	427	427	0.2	122	11,991	6.2	-11,563	1,328	17,155	1.9
1st quarter income or loss before income taxes and minority interests		567	0.3		-4,016	-2.1	4,583		31,835	3.6
Income taxes		2,909	1.6		-294	-0.2	3,203		6,584	0.7
Deferred taxes		-	-		-	-	-		4,584	0.5
Minority interests		-72	0.0		51	0.0	20		437	0.0
1st quarter net income or loss		-2,413	-1.3		-3,773	-2.0	1,359		20,229	2.3

3. Consolidated Statement of Changes in Shareholders' Equity

1st Qtr. FY 2006 (from 1 April 2006 to 30 June 2006)

(Millions of Yen)

	Shareholders' Equity					Revaluation and Translation Adjustments				Minority shareholders' interests	Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain (loss) on securities	Unrealized gain on land revaluation	Foreign currency translation adjustments	Total revaluation and translation adjustments		
Balance at April 1, 2006	100,002	109,456	118,909	-6,629	321,738	54,051	215	1,199	55,467	10,253	387,459
Changes during 1st quarter											
Dividends on retained earnings			-3,180		-3,180						-3,180
Directors' bonuses			-285		-285						-285
Increase in retained earnings due to exclusion in consolidated subsidiaries			2		2						2
Decrease in retained earnings due to increase in consolidated subsidiaries			-195		-195						-195
Net loss during 1st quarter			-2,413		-2,413						-2,413
Purchase of treasury stock				-18	-18						-18
Cancellation of treasury stock		-36		108	72						72
Changes in items other than shareholders' equity during 1st quarter (net)						-12,967		743	-12,224	-1,339	-13,563
Total changes during 1st quarter		-36	-6,071	90	-6,017	-12,967		743	-12,224	-1,339	-19,580
Balance at June 30, 2006	100,002	109,420	112,836	-6,539	315,719	41,084	215	1,943	43,243	8,914	367,877

1st Qtr. FY 2005 (from 1 April 2005 to 30 June 2005)

(Millions of Yen)

	Shareholders' Equity					Revaluation and Translation Adjustments				Minority shareholders' interests	Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Unrealized gain on land revaluation	Foreign currency translation adjustments	Total revaluation and translation adjustments		
Balance at April 1, 2005	100,002	109,266	97,641	-3,128	303,782	6,666	349	-601	6,414	7,661	317,857
Changes during 1st quarter											
Dividends on retained earnings			-2,680		-2,680						-2,680
Directors' bonuses			-200		-200						-200
Increase in retained earnings due to exclusion of equity-method companies			6,945		6,945						6,945
Decrease in retained earnings due to increase in consolidated subsidiaries			-146		-146						-146
Net loss during 1st quarter			-3,773		-3,773						-3,773
Purchase of treasury stock				-10,849	-10,849						-10,849
Cancellation of treasury stock		383		6,840	7,223						7,223
Changes in items other than shareholders' equity during 1st quarter (net)						4,371		-276	4,095	1,517	5,612
Total changes during 1st quarter		383	146	-4,009	-3,480	4,371		-276	4,095	1,517	2,132
Balance at June 30, 2005	100,002	109,650	97,785	-7,137	300,300	11,037	349	-877	10,509	9,178	319,987

FY 2005 (from 1 April 2005 to 31 March 2006)

(Millions of Yen)

	Shareholders' Equity					Revaluation and Translation Adjustments				Minority shareholders' interests	Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Unrealized gain on land revaluation	Foreign currency translation adjustments	Total revaluation and translation adjustments		
Balance at April 1, 2005	100,002	109,266	97,641	-3,128	303,782	6,666	349	-601	6,414	7,661	317,857
Changes during fiscal year											
Dividends on retained earnings			-5,329		-5,329						-5,329
Directors' bonuses			-209		-209						-209
Increase in retained earnings due to exclusion of equity-method companies			6,945		6,945						6,945
Decrease in retained earnings due to increase in consolidated subsidiaries			-369		-369						-369
Net income during fiscal year			20,229		20,229						20,229
Purchase of treasury stock				-10,913	-10,913						-10,913
Cancellation of treasury stock		190		7,411	7,601						7,601
Changes in items other than shareholders' equity during fiscal year (net)						47,385	-133	1,801	49,053	2,592	51,645
Total changes during fiscal year		190	21,267	-3,502	17,955	47,385	-133	1,801	49,053	2,592	69,601
Balance at March 31, 2006	100,002	109,456	118,909	-6,629	321,738	54,051	215	1,199	55,467	10,253	387,458

4. Consolidated Statements of Cash Flows for the Quarter

(Millions of Yen)

Term Item	1st Qtr. FY 2006	1st Qtr. FY 2005	FY 2005
	From 1 April 2006 to 30 June 2006	From 1 April 2005 to 30 June 2005	From 1 April 2004 to 31 March 2005
I. Operating activities			
1. 1st quarter income or loss before income taxes and minority interest:	567	-4,016	31,835
2. Depreciation and amortization	5,793	5,746	25,536
3. Loss on asset impairment	-	11,869	11,880
4. Gain on change in equity	-	-5,155	-5,189
5. Loss on sales or disposal of property, plant and equipment	427	122	1,328
6. (Decrease) increase in allowance for bonuses	-2,826	-2,349	690
7. Decrease in allowance for retirement benefits	-718	-584	-1,766
8. Interest and dividend income	-1,413	-1,752	-3,668
9. Interest expense	457	587	2,460
10. Equity in losses (earnings) of affiliates	13	56	-1,708
11. Decrease (increase) in accounts receivable	11,106	4,147	-12,056
12. Decrease in inventories	-13,979	-7,192	-4,872
13. Decrease in accounts payable	-12,524	-10,941	-3,215
14. Decrease in accrued consumption taxes	-1,038	-1,309	-607
15. Increase (decrease) in advances received	9,233	4,365	-181
16. Directors' bonuses paid	-272	-191	-209
17. Other	1,499	1,488	2,242
Subtotal	-3,675	-5,109	42,498
18. Interest and dividends received	1,622	2,039	4,092
19. Interest paid	-478	-698	-2,646
20. Income taxes paid	-3,364	-2,776	-5,676
Net cash (used in) provided by operating activities (1)	-5,895	-6,545	38,268
II. Investing activities			
1. Purchases of property, plant and equipment	-7,728	-5,871	-24,088
2. Proceeds from sales of property, plant and equipment	442	1,290	2,322
3. Purchases of investment securities	-1,444	-3,009	-6,168
4. Proceeds from sales or redemption of investment securities	55	44,679	47,122
5. Purchases of subsidiaries' shares due to change in scope of consolidation	-	-	-1,498
6. Purchases of consolidated subsidiaries' shares from minority shareholder	-2,027	-	-563
7. Purchases of intangible assets and long-term prepaid expenses	-318	-644	-2,727
8. (Increase) decrease in short-term loans, net	-1,267	-82	1,002
9. Purchases of long-term loans	-6	-122	-1,976
10. Proceeds from recovery of long-term loans	675	80	936
11. Other	-86	8	485
Net cash (used in) provided by investing activities (2)	-11,706	36,328	14,847
III. Financing activities			
1. Increase (decrease) in short-term debt, net	3,385	-1,590	2,305
2. Proceeds from long-term loans	7,020	0	256
3. Repayment of long-term loans	-8,270	-1,753	-23,775
4. Repayment of bonds	-	-	-10,413
5. Dividends paid	-3,217	-2,683	-5,328
6. Cash dividends paid to minority shareholders of consolidated subsidiaries	-68	-26	-221
7. Proceeds from sales of treasury stock	0	5,530	5,534
8. Purchase of treasury stock	-17	-10,849	-10,913
9. Other	339	112	1,133
Net cash used in financing activities (3)	-829	-11,258	-41,421
IV. Effect of exchange rate changes on cash and cash equivalents (4)	173	0	345
V. Net (decrease) increase in cash and cash equivalents (1)+(2)+(3)+(4)	-18,258	18,524	12,039
VI. Cash and cash equivalents at beginning of term	44,629	30,927	30,927
VII. Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	174	1,146	1,662
IX. Cash and cash equivalents at end of term	26,546	50,599	44,629

5. Segment Information

(Business segments)

First three months fiscal 2006 (Apr. 1, 2006 to June 30, 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.	82,337	41,262	51,783	9,633	185,017	-	185,017
(2)Intersegment	47	2,763	1,730	2,033	6,576	(6,576)	-
Total	82,385	44,026	53,514	11,667	191,593	(6,576)	185,017
Operating expenses	86,292	44,335	48,849	12,087	191,564	(6,514)	185,050
Operating income (loss)	-3,906	-308	4,664	-419	28	(62)	-33
II. Assets	176,816	155,128	198,055	42,315	572,315	205,668	777,983
Depreciation and amortization	1,263	1,209	2,730	387	5,591	202	5,793
Capital expenditures	1,320	1,621	4,523	272	7,736	25	7,762

First three months fiscal 2005 (Apr. 1, 2005 to June 30, 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.	93,389	39,907	49,155	9,830	192,282	-	192,282
(2)Intersegment	81	2,836	1,782	1,394	6,095	(6,095)	-
Total	93,470	42,744	50,937	11,224	198,377	(6,095)	192,282
Operating expenses	94,100	43,156	47,869	12,009	197,135	(6,043)	191,091
Operating income (loss)	-630	-411	3,068	-784	1,242	(51)	1,191
II. Assets	176,997	138,231	176,386	43,520	535,136	206,588	741,724
Depreciation and amortization	1,272	1,208	2,633	378	5,494	252	5,746
Capital expenditures	1,837	1,000	2,625	245	5,708	155	5,864

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	885,067	-	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 (loss)	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	11,869	11	-	-	11,880	-	11,880
Capital expenditures	5,892	6,199	14,304	1,430	27,827	520	28,348

(Geographical Segments)

First three months fiscal 2006 (Apr. 1, 2006 to June 30, 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	161,956	6,446	7,241	8,550	822	185,017	-	185,017
(2)Intersegment	6,515	224	589	597	18	7,944	(7,944)	-
Total	168,472	6,670	7,831	9,147	841	192,962	(7,944)	185,017
Operating expenses	170,229	6,356	7,000	8,748	773	193,107	(8,056)	185,050
Operating income (loss)	-1,757	314	830	399	68	-145	111	-33
II. Assets	472,717	21,823	34,556	36,945	3,431	569,472	208,512	777,983

First three months fiscal 2005 (Apr. 1, 2005 to June 30, 2005)

(Millions of Yen)

	Japan	United States of America	Europe	Asia	Others	Total	Eliminations or Unallocatable Accounts	Consolidated
I. Net sales:								
(1)To third parties	173,168	4,985	7,126	6,438	562	192,282	-	192,282
(2)Intersegment	5,188	348	544	389	40	6,511	(6,511)	-
Total	178,357	5,333	7,670	6,828	602	198,792	(6,511)	192,282
Operating expenses	178,066	5,154	6,969	6,555	531	197,276	(6,185)	191,091
Operating income	291	179	701	272	71	1,516	(325)	1,191
II. Assets	453,815	13,574	28,602	21,713	2,706	520,412	221,312	741,724

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

(Overseas net sales)

First three months fiscal 2006 (Apr. 1, 2006 to June 30, 2006)

(Millions of Yen)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	7,206	7,510	10,408	874	25,999
II Consolidated net sales (millions of yen)					185,017
III Overseas net sales as a ratio of consolidated net sales (%)	3.9	4.1	5.6	0.5	14.1

First three months fiscal 2005 (Apr. 1, 2005 to June 30, 2005)

(Millions of Yen)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	5,302	7,409	7,600	630	20,942
II Consolidated net sales (millions of yen)					192,282
III Overseas net sales as a ratio of consolidated net sales (%)	2.8	3.9	4.0	0.3	10.9

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

(Millions of Yen)

	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

6. Housing Business Orders

	Balance of Orders	
	Millions of Yen	%
FY 2006 1st Qtr.	90,190	8.3
FY 2005 1st Qtr.	83,247	-6.7

(Note) Balance of orders is cumulative to the end of the quarter under review.

Percentages indicate year-on-year changes.

Summary of Business Results for First Quarter of Year Ending March 31, 2007 (Consolidated)**Sekisui Chemical Co., Ltd.****1. Overall**

Due to strong performance in housing unit orders in the first quarter, the interim period business results forecast has been revised upward.

(billion yen)

	1st Q 2007/3 Actual	1st Q 2006/3 Actual	Difference (%)		2007/3 Interim Forecast		2006/3 Interim Actual	Difference (%)	
					Current	(Previous)			
Net Sales	185.0	192.2	-7.2	(-3.8)	430.0	(430.0)	432.6	-2.6	(-0.6)
Operating Income	-0.0	1.1	-1.2	(-)	15.0	(13.0)	16.6	-1.6	(-10.1)
Recurring Income	0.9	2.8	-1.8	(-64.7)	16.0	(14.0)	19.7	-3.7	(-18.9)
Net Income	-2.4	-3.7	1.3	(-)	8.0	(6.5)	6.4	1.5	(23.8)

Previous interim-period forecast: Figures announced on April 27, 2006

2. By Company**1) 1st quarter results**

(billion yen)

	1st Q 2007/3		1st Q 2006/3		Difference (%)				
	Sales	Operating income	Sales	Operating income	Sales			Operating income	
Housing	82.3	-3.9	93.4	-0.6	-11.0	(-11.9)		-3.2	(-)
Urban Infrastructure & Environmental Products	44.0	-0.3	42.7	-0.4	1.2	(3.0)		0.1	(-)
High Performance Plastics	53.5	4.6	50.9	3.0	2.5	(5.1)		1.5	(52.0)
Other Businesses	11.6	-0.4	11.2	-0.7	0.4	(3.9)		0.3	(-)
Eliminations or unallocatable accounts	-6.5	-0.0	-6.0	-0.0	-0.4	(-)		-0.0	(-)
Total	185.0	-0.0	192.2	1.1	-7.2	(-3.8)		-1.2	(-)

2) Interim forecasts

(billion yen)

	1st Q 2007/3			1st Q 2006/3		Difference (%)				
	Sales	Operating income		Sales	Operating income	Sales	Operating income			
		Current	(Previous)				*Comparison with current forecast			
Housing	205.0	4.5	(35.0)	217.2	8.0	-12.2	(-5.6)		-3.5	(-44.0)
Urban Infrastructure & Environmental Products	100.0	2.5	(25.0)	97.5	2.2	2.4	(2.5)		0.2	(10.5)
High Performance Plastics	110.0	9.5	(90.0)	106.1	7.7	3.8	(3.7)		1.7	(23.1)
Other Businesses	25.0	-1.5	(-20)	24.6	-1.4	0.3	(1.3)		-0.0	(-)
Eliminations or unallocatable accounts	-10.0	-	(-)	-12.9	0.0	2.9	(-)		-	(-)
Total	430.0	15.0	(130.0)	432.6	16.6	-2.6	(-0.6)		-16.0	(-10.1)

Note: Forecasts are based on information available to management at the time of this announcement. A number of uncertainties may cause actual results to differ materially from forecasts.

3) Overview

Housing

First quarter housing unit orders: Due to the fruition of the qualitative marketing change, housing unit orders increased by 8% vs. the previous year to a level of 90.1 billion yen.

Business Results: Sales and operating income decreased due to the decline of housing unit orders in the 2nd half of the previous year.

No. of new construction units sold: 2,750 (an increase of 510 units over the same period a year ago)

Living Environment Business: Posted 19.0 billion yen in sales (compared with PY +7%)

New products: Launched sales of Parfait Master Design (April), first in a new series of zero-energy housing products that has no heating and lighting expenses

Urban Infrastructure and Environmental Products

Business Results: The main PVC pipe business showed strong performance. Plant materials also had strong performance, realizing increases in sales and income.

PVC products business performed well as price increases initiated in October 2005 won acceptance in the marketplace

Centered on the IT-related markets, plant materials showed significant sales increases domestically and overseas (+47% vs. the same period a year ago)

High Performance Plastics

Business Results: The Automotive and IT-related markets showed improved performance, with increases in both sales and income

Automotive business sales up 8%: Sales increased for interlayer film for laminated glass, polyolefin foams and precision industrial products

IT related business up by 20%: Sales increased for materials for LCD panels