

Summary of Financial Results for the First Half of Fiscal Year Ending March 31, 2007

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
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 Date of Board Meeting for settling interim consolidated accounts: October 26, 2006
 U.S. GAAP Applied: No

1. Consolidated Business Results for the First Half (April 1, 2006 - September 30, 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	%
FY2006 (First Half)	437,329	1.1	19,191	15.1	20,729	5.0
FY2005 (First Half)	432,643	4.7	16,679	9.6	19,739	9.2
FY2005	885,067	3.3	40,287	10.5	43,801	15.3

	Net Income		Net Income per Share	Net Income per Share(diluted)
	millions of yen	%	yen	yen
FY2006 (First Half)	9,393	44.9	17.67	17.65
FY2005 (First Half)	6,461	-45.2	12.25	12.24
FY2005	20,229	-9.2	37.78	37.75

- (Note)
 1) Equity in earnings of affiliated companies FY2006 (1st Half): 423 million yen FY2005 (1st Half): 747million yen FY2005 (Full Year): 1,708million yen
 2) Average number of shares outstanding (consolidated) during FY2006 (1st Half): 529,910,328 FY2005 (1st Half): 527,415,987 FY2005 (Full Year) 528,501,314
 3) Changes in accounting method No
 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	Net Assets	Shareholders' Equity Ratio	Shareholders' Equity per Share
	millions of yen	millions of yen	%	yen
FY2006 (First Half)	825,143	392,855	46.5	724.36
FY2005 (First Half)	777,972	338,904	43.6	640.26
FY2005	808,357	377,205	46.7	711.54

(Note) Number of shares outstanding (consolidated) at term-end: Sept. 30, 2006: 530,026,775 Sept. 30, 2005: 529,323,669 Mar. 31, 2006: 529,761,511

(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
FY2006 (First Half)	20,803	-21,195	-2,248	42,244
FY2005(First Half)	13,185	31,799	-13,218	64,215
FY2005	38,268	14,847	-41,421	44,629

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

Consolidated subsidiaries: 145; 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 6; Excluded 3; Affiliates accounted for under equity method: New 0; Excluded 0

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
Entire Year	925,000	48,000	25,000

Reference – Projected net income per share for the entire year: 47.17 yen

Forecasts, projections, plans and other forward-looking statements in this report 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, including changes in business conditions.

Summary of Business Results for the First Half of Fiscal 2006 (Consolidated)

Sekisui Chemical Co., Ltd.

1. Business Results for First Half FY2006 (Consolidated)**<Highlights>**

Against the backdrop of a period of soaring raw materials prices, sales increased in the automotive and IT businesses and all divisions achieved higher sales and earnings.

(1) Overall

(billion yen, %)

	First Half FY2006 Actual	First Half FY2005 Actual	Difference (%)	First Half FY2006 Forecast*	Difference From Forecast
Net Sales	437.3	432.6	4.6(1.1)	430.0	7.3
Operating Income	19.1	16.6	2.5(15.1)	15.0	4.1
Recurring Income	20.7	19.7	0.9(5.0)	16.0	4.7
Net Income	9.3	6.4	2.9(44.9)	8.0	1.3

*Note: Forecast announced on July 31, 2006 with fiscal 2006 first-quarter earnings report.

(2) By Division

(billion yen, %)

	First Half FY2006 Actual		First Half FY2005 Actual		Difference (%)		First Half FY2006 Forecast*	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Housing	212.0	7.2	217.2	8.0	-5.1(-2.4)	-0.7(-9.9)	205.0
Urban Infrastructure & Environmental Products	101.8	2.5	97.5	2.2	4.2(4.4)	0.3(14.8)	100.0	2.5
High Performance Plastics	112.3	9.9	106.1	7.7	6.2(5.9)	2.2(28.5)	110.0	9.5
Other Businesses	24.4	-0.3	24.6	-1.4	-0.1(-0.7)	1.0(-)	25.0	-1.5
Eliminations or unallocatable accounts	-13.4	-0.2	-12.9	0	-0.5(-)	-0.3(-)	-10.0	-
Total	437.3	19.1	432.6	16.6	4.6(1.1)	2.5(15.1)	430.0	15.0

*Note: Forecast announced on July 31, 2006 with fiscal 2006 first-quarter earnings report.

(3) Overview by Division**Housing:**

Strong housing unit orders due to a focus on high-performance, environmentally friendly homes and the benefits of qualitative marketing reforms

First half housing unit orders: Increase in housing unit orders and unit price compared to the same period of the previous year. Housing unit orders rose 4% and the unit price rose 3%.

No. of new construction units sold: 7,050 (a decrease of 800 units over the same period a year ago)

Living Environment Business: Posted 45.3 billion yen in sales (up 12% over the same period a year ago).

Stronger product lineup: Launched sales of Parfait Master Design (April), a new product that offers greater energy saving and comfort.

Urban Infrastructure & Environmental Products:

**Strong performance in plant materials
Steady progress in expanding overseas business**

Rises in prices of raw materials were mainly covered by product price rises and reduced costs

Growth and expansion: Plant materials showed significant sales increases domestically and overseas: increased 40% over the same period a year ago.

In particular, Kleerdex Company, LLC's sales rose 68% due to the good performance of high-function PVC sheets for aviation and medical equipment.

Overseas Business: Overseas sales rose 56% over the same period a year ago.

High Performance Plastics:

The automotive and IT businesses showed improved performances, with increases in both sales and earnings

Rises in prices of raw materials were mainly covered by product price rises and reduced costs

Automotive business: Strong sales of high-function interlayer films for laminated glass and other high added-value products.

IT business: Although LCD panel production is currently in a correction phase, sales of high-performance plastics steadily expanded.

Overseas business: Sales were up 17% over the same period a year ago.

2. Forecast for FY2006 (Consolidated)

<Highlights>

Initial forecasts have been upwardly revised: full-year operating income projected to be 47.0 billion yen, up 17% from the same period of the previous fiscal year.

Increase the annual dividend by 3 yen to 14 yen per share.

(1) Overall Forecasts

(billion yen, %)

	FY2006 Forecast	FY2005 Actual	Difference (%)	FY2006 Initial Forecast*
Net Sales	925.0	885.0	39.9(4.5)	905.0
Operating Income	47.0	40.2	6.7(16.7)	44.0
Recurring Income	48.0	43.8	4.1(9.6)	45.0
Net Income	25.0	20.2	4.7(23.6)	23.5

*Note: Forecast announced on April 27, 2006 with fiscal 2005 full-year earnings report.

	FY2006		FY2005		Difference	
	Interim	Year-end	Interim	Year-end	Interim	Year-end
Dividend Per Share (Initial plan)	6 yen	8 yen (7 yen)	5 yen	6 yen	1 yen	2 yen

(2) Forecasts By Division

(billion yen, %)

	FY2006 Forecast		FY2005 Actual		Difference (%)		FY2006 Initial Forecast*	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Housing	430.0	16.0	427.6	14.6	2.3(0.6)	1.3(8.9)	430.0	15.0
Urban Infrastructure & Environmental Products	225.0	12.0	214.0	10.4	10.9(5.1)	1.5(15.3)	225.0	12.0
High Performance Plastics	245.0	21.0	218.3	17.4	26.6(12.2)	3.5(20.0)	225.0	20.0
Other Businesses	50.0	-2.0	51.0	-2.4	-1.0(-2.1)	0.4(-)	50.0	-3.0
Eliminations or unallocatable accounts	-25.0	-	-26.0	0.1	1.0(-)	-0.1(-)	-25.0	-
Total	925.0	47.0	885.0	40.2	39.9(4.5)	6.7(16.7)	905.0	44.0

*Note: Forecast announced on April 27, 2006 with fiscal 2005 full-year earnings report.

(3) Full-year Measures by Division

Housing: **Increase the number of orders by providing highly functional, high added-value housing products that are environment-friendly, and by intensively focusing on a sales model underpinned by highly functional products**

No. of new construction units to be sold: 15,050 (a decrease of 800 units over the same period a year ago)

Living Environment Business: Posted 91.1 billion yen in sales (up 14% over the same period a year ago).

Stronger product lineup: Launch Sekisui Heim's bjplus (October), a housing product targeting younger baby boomers and the next generation.

Marketing reforms: Intensive focus on a sales model that can offer highly functional housing products and generate sustained "referrals".

- Attract more visitors to home displays and capture more customers through generating "referrals"/ promote the rebuilding of home display sites

- Organize excursions to plants to highlight the advantages of factory-produced housing

Living Environment Business: Focus on expanding sales of key products such as solar power generation systems.

Urban Infrastructure & Environmental Products:

Expand growth fields and overseas businesses

Growth: Expand water environment solutions.

- Expand olefin piping materials

- In the piping restoration, accelerate integrated business development from diagnosis to construction and after-sales maintenance

Overseas business: Expand production sites of various businesses/Launch new production sites in Shanghai (Fiber Reinforced Plastic Mortar Pipe), the US (piping restoration) and Taiwan (plastic valves).

New businesses: Launched sales (October) of EcoValue Wood, an environmentally friendly hardened wood.

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

Automotive: Expand production sites/Build new polyolefin foam plant in China; European plant for interlayer films for raw materials scheduled to come on stream within the current fiscal year.

IT: Expand sales of products for LCD TVs.

Medical: Acquire shares of Daiichi Pure Chemicals Co., Ltd. (October) and expand business through purchases.

3. Scope of Consolidation

(No. of Companies)

	First Half FY2006	FY2005	Difference
Consolidated Companies	145	142	3
Equity-method Companies	8	8	-

Consolidated 6 Excluded 3
YoY Impact (billion yen): Sales +0.6

4. Cash Flow (Consolidated)

(billion yen)

	First Half FY2006	First Half FY2005
Operating Activities	20.8	13.1
Investing Activities	-21.1	31.7
Financing Activities	-2.2	-13.2
Translation Difference on Cash and Cash Equivalents	0	-0.1
Increase (Decrease) in Cash and Cash Equivalents	-2.5	31.6
Increase in Cash and Cash Equivalents from Increase in Consolidated Companies	0.1	1.6
Term End Balance of Cash and Cash Equivalents	42.2	64.2
Free Cash Flow	-3.8	42.0

	First Half FY2006	FY2005	Difference
Interest-bearing Liabilities	96.5	94.6	1.8

(billion yen)

5. Capital Expenditure

(billion yen)

	First Half FY2006	First Half FY2005	Difference
Housing	2.9	3.2	-0.3
Urban Infrastructure & Environmental Products	3.3	2.3	0.9
High Performance Plastics	9.2	5.2	3.9
Other Businesses	0.6	0.7	-0.1
Eliminations or unallocatable accounts	0.3	0	0.2
Consolidated	16.4	11.8	4.6

Breakdown of Capital Investment:
Plant for interlayer films for raw materials (Europe)
Plant for interlayer films for laminated glass (North America)
FY2006 plan (all divisions): 30.0 billion yen

6. Depreciation

(billion yen)

	First Half FY2006	First Half FY2005	Difference
Housing	2.5	2.5	0
Urban Infrastructure & Environmental Products	2.5	2.4	0
High Performance Plastics	5.7	5.7	-0
Other Businesses	0.7	0.7	0
Eliminations or unallocatable accounts	0.4	0.5	-0
Consolidated	12.0	12.0	0

FY2006 plan (all divisions): 26.0 billion yen

7. Research & Development Expenses

(billion yen)

	First Half FY2006	First Half FY2005	Difference
Housing	2.2	2.7	-0.5
Urban Infrastructure & Environmental Products	2.8	2.5	0.3
High Performance Plastics	4.8	4.4	0.4
Other Businesses	1.8	1.6	0.2
Total	11.7	11.3	0.3

FY2006 plan (all divisions): 24.0 billion yen

8. Sales and Operating Income per Region

(billion yen)

		Japan	U.S.A.	Europe	Asia	Others	Eliminated	Total
Sales	First Half FY2006	402.2	13.6	16.5	19.3	1.7	-16.3	437.3
	First Half FY2005	403.0	11.3	15.5	15.0	1.3	-13.7	432.6
	Difference	-0.8	2.3	0.9	4.3	0.4	-2.5	4.6
Operating Income	First Half FY2006	15.1	0.7	1.8	1.1	0.1	0.1	19.1
	First Half FY2005	13.5	0.6	1.6	0.7	0.1	-0	16.6
	Difference	1.6	0.1	0.2	0.3	0	0.1	2.5

1. Consolidated Balance Sheets (1st Half)

(Millions of Yen)

Term Item	FY 2006 (1st Half)		FY 2005		Difference	FY 2005 (1st Half)	
	As of 30 Sep. 2006		As of 31 March 2006			As of 30 Sep. 2005	
	Amount	%	Amount	%		Amount	%
(Assets)							
Current Assets							
1. Cash and time deposits	42,414		44,715		-2,300	64,300	
2. Trade notes receivable	56,076		51,827		4,249	51,944	
3. Accounts receivable	98,741		97,864		876	87,291	
4. Securities	21		-		21	0	
5. Product inventories	37,450		35,775		1,674	34,416	
6. Land for sale	15,302		13,397		1,905	12,027	
7. Other inventories	50,182		45,721		4,461	47,952	
8. Advances	2,084		1,471		612	939	
9. Prepaid expenses	1,592		1,161		430	1,713	
10. Deferred tax assets	7,518		7,615		-97	14,882	
11. Short-term loans	2,449		2,534		-84	2,642	
12. Other	13,441		13,499		-57	13,526	
13. Allowance for doubtful accounts	-991		-903		-88	-1,513	
Total current assets	326,284	39.5	314,680	38.9	11,604	330,124	42.4
Fixed assets							
1. Tangible fixed assets							
(1) Buildings & structures	82,895		82,580		314	83,070	
(2) Machinery, equipment and tools	58,713		59,799		-1,085	60,431	
(3) Land	64,954		64,096		858	63,960	
(4) Construction in progress	16,580		12,067		4,513	6,825	
(5) Other	7,931		7,886		45	7,801	
(Total tangible fixed assets)	231,076	28.0	226,429	28.0	4,646	222,089	28.5
2. Intangible fixed assets							
(1) Software	3,825		3,900		-74	4,396	
(2) Goodwill	3,020		-		3,020	-	
(3) Consolidation adjustment account	-		3,070		-3,070	3,208	
(4) Other	1,832		1,961		-129	2,113	
(Total intangible assets)	8,677	1.1	8,932	1.1	-254	9,718	1.2
3. Investments and other assets							
(1) Investment securities	243,117		241,248		1,869	196,306	
(2) Long-term loans	4,128		4,207		-79	4,505	
(3) Long-term prepaid expenses	1,513		1,635		-121	1,282	
(4) Deferred income taxes	3,325		3,325		0	5,483	
(5) Other	10,516		10,889		-372	10,958	
(6) Allowance for doubtful accounts	-3,497		-2,991		-505	-2,496	
(Total investment and other assets)	259,104	31.4	258,314	32.0	790	216,039	27.8
Total fixed assets	498,858	60.5	493,676	61.1	5,181	447,847	57.6
Total assets	825,143	100.0	808,357	100.0	16,786	777,972	100.0

(Millions of Yen)

Term Item	FY 2006(1st Half)		FY 2005		Difference	FY 2005(1st Half)	
	As of 30 Sep. 2006		As of 31 March 2006			As of 30 Sep. 2005	
	Amount	%	Amount	%		Amount	%
(Liabilities)							
I. Current liabilities							
1. Trade notes payable	14,432		14,949		-517	14,708	
2. Accounts payable	120,232		112,674		7,557	113,457	
3. Short-term loans	47,988		33,202		14,785	42,488	
4. Bonds due within one year	10,000		-		10,000	-	
5. Accrued expenses	27,508		27,794		-286	25,869	
6. Accrued income taxes	8,125		5,145		2,980	3,907	
7. Deferred tax liabilities	90		122		-31	96	
8. Provision for bonuses	11,985		12,006		-21	11,877	
9. Provision for compensation for completing construction	966		964		2	944	
10. Advances received	43,192		38,792		4,430	38,682	
11. Other	27,309		29,725		-2,415	27,075	
Total current liabilities	311,832	37.8	275,348	34.1	36,484	279,108	35.9
II. Fixed liabilities							
1. Bonds	5,000		15,000		-10,000	25,000	
2. Long-term loans	33,518		46,405		-12,886	51,465	
3. Deferred tax liabilities	15,431		15,062		368	3,549	
4. Provision for retirement allowances	61,144		62,895		-1,751	63,752	
5. Other	5,360		6,185		-825	5,833	
Total fixed liabilities	120,454	14.6	145,549	18.0	-25,094	149,600	19.2
Total liabilities	432,287	52.4	420,897	52.1	11,390	428,709	55.1
(Minority shareholders' interest)	-	-	10,253	1.3	-	10,358	1.3
(Shareholders' equity)							
I. Common stock	-	-	100,002	12.4	-	100,002	12.9
II. Capital surplus	-	-	109,456	13.5	-	109,569	14.1
III. Retained earnings	-	-	118,909	14.7	-	107,850	13.9
IV. Unrealized gain on land revaluation	-	-	215	0.0	-	406	0.1
V. Unrealized holding gain on securities	-	-	54,051	6.7	-	29,003	3.7
VI. Foreign currency translation adjustments	-	-	1,199	0.1	-	-1,139	-0.1
VII Treasury stock	-	-	-6,629	-0.8	-	-6,786	-0.9
Total shareholders' equity	-	-	377,205	46.7	-	338,904	43.6
Total liabilities, minority shareholders' interest, and shareholders' equity	-	-	808,357	100.0	-	777,972	100.0
(Net assets)							
I. Shareholders' equity							
1. Common stock	100,002	12.1	-	-	-	-	-
2. Capital surplus	109,420	13.3	-	-	-	-	-
3. Retained earnings	124,585	15.1	-	-	-	-	-
4. Treasury stock	-6,460	-0.8	-	-	-	-	-
Total shareholders' equity	327,548	39.7	-	-	-	-	-
II. Revaluation and translation adjustments							
1. Unrealized holding gain on securities	54,145	6.6	-	-	-	-	-
2. Unrealized gain on land revaluation	215	0.0	-	-	-	-	-
3. Foreign currency translation adjustments	2,020	0.2	-	-	-	-	-
Total revaluation and translation adjustments	56,380	6.8	-	-	-	-	-
III. Share subscription rights	18	0.0	-	-	-	-	-
IV. Minority shareholders' interests	8,908	1.1	-	-	-	-	-
Total net assets	392,855	47.6	-	-	-	-	-
Total liabilities, net assets	825,143	100.0	-	-	-	-	-

2. Consolidated Profit and Loss Statement (1st Half)

(Millions of Yen)

Term Item	FY 2006 (1st Half)		FY 2005 (1st Half)		Difference	FY 2005				
	From 1 Apr.2006 to 30 Sep.2006		From 1 Apr.2005 to 30 Sep.2005			From 1 April 2005 to 31 March 2006				
	Amount	%	Amount	%		Amount	%			
I. Net sales	437,329	100.0	432,643	100.0	4,686	885,067	100.0			
II. Cost of sales	309,863	70.9	307,102	71.0	2,761	627,279	70.9			
Gross income	127,465	29.1	125,541	29.0	1,924	257,788	29.1			
III. Selling, general & administrative expenses	108,274	24.8	108,861	25.2	-587	217,500	24.6			
Operating income	19,191	4.4	16,679	3.9	2,511	40,287	4.6			
IV. Non-operating income										
1. Interest income	371		630			1,033				
2. Dividend income	2,270		2,506			2,634				
3. Investment income by equity method	423		747			1,708				
4. Miscellaneous income	2,485	5,550	1.3	2,946	6,831	1.6	-1,280	6,492	11,869	1.3
V. Non-operating expenses										
1. Interest expenses	853		1,114			2,131				
2. Sales discounts	159		163			328				
3. Miscellaneous expenses	2,999	4,012	0.9	2,494	3,771	0.9	240	5,894	8,355	0.9
Recurring income		20,729	4.7		19,739	4.6	990		43,801	4.9
VI. Extraordinary income										
Gain on change in equity	-	-	-	5,155	5,155	1.2	-5,155	5,189	5,189	0.6
VII. Extraordinary expenses										
1. Loss on asset impairment	1,218		11,880			11,880				
2. Structural improvement expenses	969		1,790			3,946				
3. Loss on sales or disposal of property, plant and equipment	928	3,115	0.7	593	14,264	3.3	-11,149	1,328	17,155	1.9
1st Half income before income taxes and minority	17,613	4.0	10,630	2.5	6,983	31,835	3.6			
Income taxes	8,044	1.8	3,803	0.9	4,241	6,584	0.7			
Deferred taxes	-	-	-	-	-	4,584	0.5			
Minority interests	205	0.0	365	0.1	-160	437	0.0			
1st Half net income	9,363	2.1	6,461	1.5	2,902	20,229	2.3			

3. Consolidated Statements of Capital Surplus and Retained Earnings (1st Half)

(Millions of Yen)

Term Item	FY 2005 (1st Half) From 1 Apr. 2005 to 30 Sep. 2005		FY 2005 From 1 Apr. 2005 to 31 Mar. 2006	
	Amount		Amount	
(Capital surplus)				
I. Capital reserve at beginning of term		109,266		109,266
II. Increase in capital surplus				
Disposal of treasury stock	302	302	190	190
III Capital surplus at end of term		109,569		109,456
(Retained earnings)				
I. Retained earnings at beginning of term		97,641		97,641
II. Increase in retained earnings				
1. Net income	6,461		20,229	
2. Increase due to exclusion of affiliates accounted for by equity method	6,945	13,407	6,945	27,174
III Decrease in retained earnings				
1. Dividends	2,680		5,329	
2. Directors' bonuses	209		209	
3. Decrease due to inclusion of consolidated subsidiaries	307	3,197	369	5,908
IV Retained earnings at end of term		107,850		118,909

4. Consolidated Statement of Changes in Shareholders' Equity

First half of fiscal 2006 (Apr. 1, 2006 to Sep. 30, 2006)

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2006	100,002	109,456	118,909	-6,629	321,738
Changes during 1st half					
Dividends on retained earnings *	-	-	-3,180	-	-3,180
Directors' bonuses *	-	-	-314	-	-314
Increase in retained earnings due to exclusion in consolidated subsidiaries	-	-	-190	-	-190
Decrease in retained earnings due to increase in consolidated subsidiaries	-	-	-2	-	-2
Net income during 1st Half	-	-	9,363	-	9,363
Purchase of treasury stock	-	-	-	-46	-46
Cancellation of treasury stock	-	-36	-	215	179
Changes in items other than shareholders' equity during 1st Half (net)	-	-	-	-	-
Total changes during 1st half		-36	5,677	169	5,810
Balance at Sep.30, 2006	100,002	109,420	124,585	-6,460	327,548

	Revaluation and Translation Adjustments				Share subscription rights	Minority shareholders' interests	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	54,051	215	1,199	55,467	-	10,253	387,459
Changes during 1st half							
Dividends on retained earnings *	-	-	-	-	-	-	-3,180
Directors' bonuses *	-	-	-	-	-	-	-314
Increase in retained earnings due to exclusion in consolidated subsidiaries	-	-	-	-	-	-	-190
Decrease in retained earnings due to increase in consolidated subsidiaries	-	-	-	-	-	-	-2
Net loss during 1st Half	-	-	-	-	-	-	9,363
Purchase of treasury stock	-	-	-	-	-	-	-46
Cancellation of treasury stock	-	-	-	-	-	-	179
Changes in items other than shareholders' equity during 1st Half (net)	93	-	820	913	18	-1,345	-414
Total changes during 1st half	93	-	820	913	18	-1,345	5,396
Balance at Sep.30, 2006	54,145	215	2,020	56,380	18	8,908	392,855

*This item is the appropriation of earnings approved at the Annual General Meeting of Shareholders held in June 2006.

5. Consolidated Statements of Cash Flows (1st Half)

(Millions of Yen)

Term Item	FY 2006 (1st Half)	FY 2005 (1st Half)	FY 2005
	From 1 Apr. 2006 to 30 Sep. 2006	From 1 Apr. 2005 to 30 Sep. 2005	From 1 April 2004 to 31 March 2005
I. Operating activities			
1. 1st half income before income taxes and minority interests	17,613	10,630	31,835
2. Depreciation and amortization	12,057	12,097	25,536
3. Loss on asset impairment	1,218	11,880	11,880
4. Gain on change in equity	-	-5,155	-5,189
5. Loss on sales or disposal of property, plant and equipment	928	593	1,328
6. Decrease in allowance for retirement benefits	-1,736	-876	-1,766
7. Interest and dividend income	-2,641	-3,137	-3,668
8. Interest expense	1,013	1,277	2,460
9. Equity in losses (earnings) of affiliates	-423	-747	-1,708
10. Decrease (increase) in accounts receivable	-4,741	-3,023	-12,056
11. Decrease in inventories	-7,626	-5,019	-4,872
12. Decrease in accounts payable	4,481	-3,673	-3,215
13. Increase (decrease) in advances received	4,431	-252	-181
14. Directors' bonuses paid	-314	-209	-209
15. Other	-648	404	2,324
Subtotal	23,612	14,788	42,498
16. Interest and dividends received	2,807	3,426	4,092
17. Interest paid	-964	-1,308	-2,646
18. Income taxes paid	-4,650	-3,721	-5,676
Net cash (used in) provided by operating activities (1)	20,803	13,185	38,268
II. Investing activities			
1. Purchases of property, plant and equipment	-14,772	-10,048	-24,088
2. Proceeds from sales of property, plant and equipment	1,871	1,662	2,322
3. Purchases of investment securities	-3,461	-2,798	-6,168
4. Proceeds from sales or redemption of investment securities	84	46,196	47,122
5. Purchases of subsidiaries' shares due to change in scope of consolidation	-	-1,498	-1,498
6. Purchases of consolidated subsidiaries' shares from minority shareholders	-2,212	-32	-595
7. Purchases of intangible assets and long-term prepaid expenses	-1,167	-1,287	-2,727
8. (Increase) decrease in short-term loans, net	-1,022	733	1,002
9. Purchases of long-term loans	-13	-1,356	-1,976
10. Proceeds from recovery of long-term loans	686	114	936
11. Other	-1,189	114	517
Net cash (used in) provided by investing activities (2)	-21,195	31,799	14,847
III. Financing activities			
1. Increase (decrease) in short-term debt, net	-2,500	-2,883	2,305
2. Proceeds from long-term loans	12,982	209	256
3. Repayment of long-term loans	-9,695	-3,618	-23,775
4. Repayment of bonds	-	-	-10,413
5. Dividends paid	-3,178	-2,680	-5,328
6. Cash dividends paid to minority shareholders of consolidated subsidiaries	-272	-211	-221
7. Proceeds from sales of treasury stock	0	5,532	5,534
8. Purchase of treasury stock	-46	-10,873	-10,913
9. Other	462	1,305	1,133
Net cash used in financing activities (3)	-2,248	-13,218	-41,421
IV. Effect of exchange rate changes on cash and cash equivalents (4)	69	-140	345
V. Net (decrease) increase in cash and cash equivalents (1)+(2)+(3)+(4)	-2,570	31,625	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	185	1,662	1,662
VIII. Cash and cash equivalents at end of term	42,244	64,215	44,629

6. Segment Information

Business segments

First half of fiscal 2006(Apr. 1, 2006 to Sep. 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	211,905	95,713	108,604	21,107	437,329	-	437,329
(2)Intersegment	192	6,128	3,752	3,380	13,455	-13,455	-
Total	212,098	101,842	112,357	24,488	450,785	-13,455	437,329
Operating expenses	204,865	99,244	102,438	24,832	431,380	-13,242	418,138
Operating income (loss)	7,233	2,597	9,918	-344	19,404	-213	19,191
II. Assets	181,657	156,738	201,072	43,188	582,656	242,486	825,143
Depreciation and amortization	2,578	2,557	5,727	787	11,650	406	12,057
Loss on asset impairment	-	-	-	-	-	1,218	1,218
Capital expenditures	2,916	3,306	9,234	632	16,089	373	16,462

First half of fiscal 2005 (Apr. 1, 2005 to Sep. 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	217,073	91,654	102,339	21,576	432,643	-	432,643
(2)Intersegment	189	5,901	3,772	3,091	12,954	-12,954	-
Total	217,262	97,556	106,112	24,667	445,598	-12,954	432,643
Operating expenses	209,233	95,293	98,393	26,085	429,006	-13,042	415,963
Operating income (loss)	8,029	2,262	7,718	-1,418	16,591	88	16,679
II. Assets	181,876	145,288	178,457	44,401	550,023	227,949	777,972
Depreciation and amortization	2,574	2,471	5,771	773	11,591	505	12,097
Loss on asset impairment	11,869	11	-	-	11,880	-	11,880
Capital expenditures	3,275	2,374	5,291	795	11,738	91	11,829

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	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	-	-	-	11,880	-	11,880
Capital expenditures	5,892	6,199	14,304	1,430	27,827	520	28,348

Note: Company-wide assets included under eliminations or unallocatable accounts in assets were 299,173 million yen for the interim period under review, 282,171 million yen for the previous interim period, and 293,079 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

First half of fiscal 2006 (Apr. 1, 2006 to Sep. 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	389,319	13,199	14,838	18,238	1,733	437,329	-	437,329
(2)Intersegment	12,949	458	1,754	1,133	39	16,335	-16,335	-
Total	402,268	13,658	16,593	19,371	1,773	453,665	-16,335	437,329
Operating expenses	387,122	12,911	14,774	18,249	1,582	434,638	-16,500	418,138
Operating income	15,146	747	1,819	1,122	191	19,026	164	19,191
II. Assets	476,181	20,768	37,279	38,279	3,354	575,864	249,278	825,143

First half of fiscal 2005 (Apr. 1, 2005 to Sep. 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	391,644	10,742	14,672	14,295	1,287	432,643	-	432,643
(2)Intersegment	11,440	574	926	723	76	13,741	-13,741	-
Total	403,085	11,317	15,598	15,018	1,363	446,384	-13,741	432,643
Operating expenses	389,573	10,704	13,998	14,219	1,195	429,691	-13,727	415,963
Operating income	13,512	612	1,600	799	168	16,692	-13	16,679
II. Assets	461,417	14,658	27,967	28,236	3,389	535,669	242,302	777,972

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

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, China and Taiwan

Other --- Mexico and Australia

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