

**Summary of Business Results for the Third Quarter of FY2006**

Sekisui Chemical Co., Ltd.

**1. Overall****<Highlights>**

Sales increased in the automotive, IT and medical businesses, and all in-house companies achieved higher sales and earnings.

**1) Nine-month Period Ended December 31, 2006** (billion yen)

	Nine-month Period FY2006	Nine-month Period FY2005	Difference	
Net Sales	674.2	649.4	24.7	3.8%
Operating Income	30.2	24.8	5.4	21.9%
Recurring Income	32.4	28.5	3.9	13.9%
Net Income	15.9	11.2	4.7	42.0%

**2) Third Quarter Ended December 31, 2006** (billion yen)

	3rd-Qtr. FY2006	3rd-Qtr. FY2005	Difference	
Net Sales	236.8	216.7	20.0	9.3%
Operating Income	11.0	8.1	2.9	36.0%
Recurring Income	11.7	8.7	2.9	33.9%
Net Income	6.6	4.7	1.8	38.1%

**2. By Company****1) Nine-month Period Ended December 31, 2006**

(billion yen)

	Nine-month Period FY2006		Nine-month Period FY2005		Difference			
	Sales	Operating income	Sales	Operating income	Sales		Operating income	
Housing	319.0	10.0	319.3	9.7	-3.0	-0.1%	0.2	2.7%
Urban Infrastructure & Environmental Products	159.0	5.2	151.0	4.9	7.9	5.3%	0.3	6.8%
High Performance Plastics	179.3	16.0	160.9	12.1	18.4	11.4%	3.8	32.1%
Other Businesses	36.0	-0.8	37.2	-2.0	-1.2	-3.3%	1.1	-
Eliminations or unallocatable accounts	-19.2	-0.2	-19.1	0.0	-0.0	-	-0.2	-
Total	674.2	30.2	649.4	24.8	24.7	3.8%	5.4	21.9%

**2) Third Quarter Ended December 31, 2006**

(billion yen)

	3rd Qtr. FY2006		3rd Qtr. FY2005		Difference			
	Sales	Operating income	Sales	Operating income	Sales		Operating income	
Housing	106.9	2.7	102.0	1.7	4.8	4.8%	0.1	62.0%
Urban Infrastructure & Environmental Products	57.1	2.6	53.4	2.6	3.6	6.9%	0.0	0.0%
High Performance Plastics	67.0	6.0	54.8	4.4	12.1	22.2%	1.6	38.4%
Other Businesses	11.5	-0.4	12.5	-0.5	-1.0	-8.3%	0.1	-
Eliminations or unallocatable accounts	-5.7	-0.0	-6.1	-0.0	0.4	-	0.0	-
Total	236.8	11.0	216.7	8.1	20.0	9.3%	2.9	36.0%

**3) Overview by Company****Housing:**

Orders received for housing units declined, partly due to such factors as diminishing expectation of a rise in the interest rate, but order unit prices continued to rise in tandem with demand for high-performance high added-value housing.

Housing unit orders fell 5% and unit prices rose 2%.

Strong sales of Sekisui Heim's "bj plus" (launched in October 2006) for baby boomers' children and grandchildren.

Increase in the percentage of houses equipped with "Warm Airy," which provides comfortable warmth and air quality.

The Living Environment Business grew steadily and sales rose 18% over the same period in the previous year.

### Urban Infrastructure and Environmental Products:

**Although sales in the Water Supply and Drainage Systems Business declined slightly over the same period a year ago, strong sales of plant material products continued.**

Expansion: Plant materials showed substantial sales increases domestically and overseas, increasing 36% over the same period a year ago.

The U.S. company Kleerdex Company, LLC's sales rose 20% due to the good performance of high-function PVC sheets for aviation and medical equipment.

Overseas: new production sites were established in Shanghai, China for reinforced composite plastic pipes and FFU\* (full-fledged operation in fiscal 2007).

\*FFU (Fiber reinforced Foamed Urethane) : A light-weight corrosion-resistant structural material made of rigid-foamed urethane reinforced with long glass fibers.

### High Performance Plastics:

**Sales grew in all three key strategic sectors—the automotive, IT and medical fields. The percentage of sales accounted for by the three fields increased from 38% for the third quarter a year ago to 47% for the current third quarter.**

Automotive field: Sales grew of high performance interlayer films and polyolefin foam, increasing 20% over the same period a year ago.

IT field: Sales of fine particles for liquid crystal displays were strong, increasing 23% over the same period a year ago.

Medical field: Substantially increased sales due to the consolidation of Daiichi Pure Chemicals Co., Ltd.

### 3. Forecast for FY2006 (Consolidated)

#### 1) Overall

(billion yen)

	FY2006 Forecast	FY2005 Actual	Difference	
Net Sales	925.0	885.0	39.9	4.5%
Operating Income	47.0	40.2	6.7	16.7%
Recurring Income	48.0	43.8	4.1	9.6%
Net Income	25.0	20.2	4.7	23.6%

#### 2) By Company

(billion yen)

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

## Consolidated Earnings Report for the Nine Months Ended December 31, 2006

Company Name: Sekisui Chemical Co., Ltd.

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

Code No.: 4204

Stock Listings: Tokyo and Osaka stock exchanges (First Section)

President & Representative Director: Mr. Naotake Okubo

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### 1. Matters Pertaining to Preparation of 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 8; Excluded 3; Affiliates accounted for under equity method: New 0; Excluded 0

### 2. Financial and Operating Results for Nine Months Ended December 31, 2006

(April 1, 2006 to December 31, 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	%
Nine months ended December 31, 2006	674,213	3.8	30,259	21.9	32,496	13.9	15,980	42.0
Nine months ended December 31, 2005	649,428	2.6	24,820	-7.3	28,529	-4.4	11,250	-42.0
(Ref.) Year ended March 31, 2006	885,067		40,287		43,801		20,229	

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	
Nine months ended December 31, 2006	30.15	30.12
Nine months ended December 31, 2005	21.30	21.29
(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	Net Assets Per Share
	millions of yen	millions of yen	%	yen
Nine months ended December 31, 2006	862,390	395,131	44.7	745.44
Nine months ended December 31, 2005	776,422	349,863	45.1	660.64
(Ref.) Year ended March 31, 2006	808,357	377,205	46.7	711.54

(Note) Net assets for the nine months ended December 31, 2005 and for the year ended March 31, 2006 does not include minority shareholders' interests.

#### (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
Nine months ended December 31, 2006	12,055	50,010	19,388	26,615
Nine months ended December 31, 2005	2,256	25,922	-25,774	35,039
(Ref.) Year ended March 31, 2006	38,268	14,847	-41,421	44,629

### **3. Qualitative information about consolidated business results and changes in consolidated financial position**

#### **(1) Consolidated business results for the three months ended December 31, 2006**

Consolidated net sales in the third quarter increased over the same period a year earlier. This reflected continued firm sales of automobile-related products such as interlayer film for laminated glass for automobiles and polyolefin foam, and of IT products such as fine particles for liquid crystal displays and materials for plants. Sales of medical products also rose substantially as a result of the consolidation of Daiichi Pure Chemicals Co., Ltd. Operating income, recurring income and net income were all higher year on year due to this increase in net sales.

#### **(2) Business results by company in the three months ended December 31, 2006**

##### **<Housing>**

In the housing segment, orders received for housing units declined 5% over the same period in the previous year. This was due to the impact of such factors as diminishing expectation of a rise in the interest rate leading to a drop in rebuilding orders. Order unit prices, however, rose 2% over the same period in the previous year. In addition to strong sales of Sekisui Heim's "bj plus" launched in October 2006, the increase in order unit prices was due to the Housing Company's extension of advanced functionality specifications such as housing equipped with "Warm Airy," which provides comfortable warmth and air quality, coupled with demand for high performance, high added-value housing.

In the living environment business, centered on the home remodeling business, sales rose 18% over the same period in the previous year as a result of increased sales of key products.

##### **<Urban Infrastructure & Environmental Products>**

Although sales in the Water Supply and Drainage Systems Business, centered on the core business of PVC pipes, declined slightly over the same period a year ago, sales of materials for plants increased substantially both in Japan and overseas because they were underpinned by demand for capital investment in strongly performing sectors such as IT. In particular, Kleerdex Company, LLC in the U.S. posted higher sales due to a robust performance by highly functional PVC sheets for aviation and medical equipment.

In overseas business, new production sites are being established in Shanghai, China for reinforced composite plastic pipes and FFU\*, a material mainly used for railway sleepers.

\*FFU (Fiber reinforced Foamed Urethane): A light-weight corrosion-resistant structural material made of rigid-foamed urethane reinforced with long glass fibers.

##### **<High Performance Plastics>**

This segment saw an improved performance in all its strategic sectors—the automotive, IT and medical fields. In the automotive field, sales of high performance interlayer films with sound and heat insulation properties, as well as of polyolefin foam, steadily increased. In the IT field, sales of fine particles for liquid crystal displays rose steadily. In the medical field, the Company acquired all the shares of Daiichi Pure Chemicals Co., Ltd., a wholly owned subsidiary of Daiichi Pharmaceutical Co., Ltd. This move will strengthen product competitiveness and create new businesses.

#### **(3) Consolidated financial position**

##### **Financial position for the nine months to December 31, 2006**

Total assets as of December 31, 2006 were 54.0 billion yen higher than March 31, 2006 at 862.3 billion yen. Current assets rose 23.8 billion yen, mainly due to increases in accounts receivable and inventories accompanying increased sales, despite a drop in cash and time deposits. In addition, there was a rise of 30.1 billion yen in fixed assets, chiefly due to increases in fixed assets from newly consolidated subsidiaries, as well as increased investment.

Liabilities increased 46.3 billion yen to 467.2 billion yen from March 31, 2006, mainly related to business expansion.

Net assets rose 7.6 billion yen to 395.1 billion yen. Shareholders' equity, after deducting minority shareholders' interests from net assets, amounted to 385.9 billion yen. The shareholders' equity ratio was 44.7%.

**Cash flows for the nine months to December 31, 2006**

Net cash provided by operating activities was 12.0 billion yen. This was mainly due to cash inflows of 29.1 billion yen in income before income taxes and minority interests, and 18.8 billion yen in depreciation and amortization. Significant cash outflows included 23.2 billion yen for increases in operating capital, and 7.0 billion yen in income taxes paid.

Net cash used by investing activities was 50.0 billion yen. This mainly reflected investments to expand the medical business such as an investment of 20.6 billion yen to acquire the shares of Daiichi Pure Chemicals Co., Ltd. (to make it a subsidiary of the Company). In addition, investment of 24.1 billion yen was made to acquire tangible and intangible fixed assets focused on key and growth areas.

Net cash provided by financing activities was 19.3 billion yen. This largely reflected dividend payments of 6.6 billion yen outweighed by a net increase in interest-bearing liabilities of 29.0 billion yen.

As a result, cash and cash equivalents at the end of the nine-month period ended December 31, 2006 totaled 26.6 billion yen.

**(Ref) Consolidated full-year forecasts for April 1, 2006 to March 31, 2007**

The Company has not revised its consolidated full-year forecast for the fiscal year ending March 31, 2007, which was announced on October 26, 2006 together with interim earnings.

Forecasts in this report are based on business conditions pertaining at the time of release of this report. Actual results could differ significantly from forecasts due to changes in these business conditions.

## 1. Consolidated Balance Sheets

(Millions of Yen)

Term Item	3rd Qtr. FY 2006		FY 2005		Difference	3rd Qtr. FY 2005	
	As of 31 Dec. 2006		As of 31 March 2006			As of 31 Dec. 2005	
	Amount	%	Amount	%		Amount	%
(Assets )							
I. Current Assets							
1. Cash and time deposits	26,735		44,715		-17,979	34,125	
2. Trade notes receivable	67,414		51,827		15,587	66,370	
3. Accounts receivable	98,790		97,864		926	83,974	
4. Securities	-		-		-	1,000	
5. Product inventories	42,336		35,775		6,560	35,196	
6. Land for sale	18,862		13,397		5,465	12,206	
7. Other inventories	53,150		45,721		7,429	48,996	
8. Advances	2,727		1,471		1,255	1,150	
9. Prepaid expenses	2,490		1,161		1,328	2,532	
10. Deferred tax assets	8,138		7,615		523	14,938	
11. Short-term loans	2,923		2,534		389	2,501	
12. Other	16,052		13,499		2,553	16,217	
13. Allowance for doubtful accounts	-1,047		-903		-143	-1,540	
Total current assets	338,575	39.3	314,680	38.9	23,895	317,670	40.9
II. Fixed assets							
1. Tangible fixed assets							
(1) Buildings & structures	86,251		82,580		3,670	82,606	
(2) Machinery, equipment and tools	61,055		59,799		1,256	60,151	
(3) Land	68,370		64,096		4,273	64,102	
(4) Construction in progress	17,769		12,067		5,701	7,788	
(5) Other	9,173		7,886		1,287	7,772	
Total tangible fixed assets	242,619	28.1	226,429	28.0	16,189	222,422	28.6
2. Intangible fixed assets							
(1) Software	4,682		3,900		782	4,086	
(2) Goodwill	19,006		-		19,006	-	
(3) Consolidation adjustment account	-		3,070		-3,070	3,162	
(4) Other	1,871		1,961		-89	2,095	
Total intangible assets	25,561	3.0	8,932	1.1	16,628	9,344	1.2
3. Investments and other assets							
(1) Investment securities	238,484		241,248		-2,763	209,004	
(2) Long-term loans	4,162		4,207		-45	5,048	
(3) Long-term prepaid expenses	1,540		1,635		-94	1,272	
(4) Deferred income taxes	3,323		3,325		-2	3,262	
(5) Other	11,640		10,889		751	10,876	
(6) Allowance for doubtful accounts	-3,517		-2,991		-526	-2,478	
Total investment and other assets	255,633	29.6	258,314	32.0	-2,680	226,985	29.2
Total fixed assets	523,814	60.7	493,676	61.1	30,137	458,752	59.1
Total assets	862,390	100.0	808,357	100.0	54,033	776,422	100.0

(Millions of Yen)

Term Item	3rd Qtr. FY 2006		FY 2005		Difference	3rd Qtr. FY 2005	
	As of 31 Dec. 2006		As of 31 Mar. 2006			As of 31 Dec. 2005	
	Amount	%	Amount	%		Amount	%
( Liabilities )							
I. Current liabilities							
1. Trade notes payable	15,661		14,949		711	16,527	
2. Accounts payable	121,141		112,674		8,466	112,089	
3. Short-term loans	72,801		33,202		39,598	33,784	
4. Commercial paper	14,000		-		14,000	-	
5. Bonds due within one year	10,000		-		10,000	-	
6. Accrued expenses	26,122		27,794		-1,672	23,612	
7. Accrued income taxes	11,484		5,145		6,339	6,271	
8. Deferred tax liabilities	151		122		29	141	
9. Provision for bonuses	7,506		12,006		-4,500	6,999	
10. Provision for compensation for completing construction	966		964		2	947	
11. Advances received	37,792		38,762		-969	34,200	
12. Other	32,716		29,725		2,990	29,685	
Total current liabilities	350,344	40.6	275,348	34.1	74,996	264,260	34.0
II. Fixed liabilities							
1. Bonds	5,624		15,000		-9,375	25,000	
2. Long-term loans	30,337		46,405		-16,067	50,292	
3. Deferred tax liabilities	13,147		15,062		-1,914	6,432	
4. Provision for retirement allowances	61,732		62,895		-1,163	64,096	
5. Other	6,071		6,185		-113	5,873	
Total fixed liabilities	116,914	13.6	145,549	18.0	-28,634	151,695	19.5
Total liabilities	467,259	54.2	420,897	52.1	46,362	415,955	53.6
( Minority shareholders' interest )	-	-	10,253	1.3	-	10,604	1.4
( Shareholders' equity )							
I. Common stock	-	-	100,002	12.4	-	100,002	12.9
II. Capital surplus	-	-	109,456	13.5	-	109,502	14.1
III. Retained earnings	-	-	118,909	14.7	-	109,991	14.2
IV. Unrealized gain on land revaluation	-	-	215	0.0	-	406	0.1
V. Unrealized holding gain on securities	-	-	54,051	6.7	-	36,768	4.7
VI. Foreign currency translation adjustments	-	-	1,199	0.1	-	-62	-0.0
VII. Treasury stock	-	-	-6,629	-0.8	-	-6,745	-0.9
Total shareholders' equity	-	-	377,205	46.7	-	349,863	45.1
Total liabilities, minority shareholders' interest, and shareholders' equity	-	-	808,357	100.0	-	776,422	100.0
(Net assets)							
I. Shareholders' equity							
1. Common stock	100,002	11.6	-	-	-	-	-
2. Capital surplus	109,423	12.7	-	-	-	-	-
3. Retained earnings	128,019	14.8	-	-	-	-	-
4. Treasury stock	-6,441	-0.7	-	-	-	-	-
Total shareholders' equity	331,003	38.4	-	-	-	-	-
II. Revaluation and translation adjustments							
1. Unrealized holding gain on securities	51,135	5.9	-	-	-	-	-
2. Unrealized gain on land revaluation	216	0.0	-	-	-	-	-
3. Foreign currency translation adjustments	3,536	0.4	-	-	-	-	-
Total revaluation and translation adjustments	54,889	6.4	-	-	-	-	-
III. Share subscription rights	46	0.0	-	-	-	-	-
IV. Minority shareholders' interests	9,192	1.1	-	-	-	-	-
Total net assets	395,131	45.8	-	-	-	-	-
Total liabilities, net assets	862,390	100.0	-	-	-	-	-

## 2. Consolidated Profit and Loss Statements

(Millions of Yen)

Term Item	3rd Qtr. FY 2006			3rd Qtr. FY 2005			Difference	FY 2005		
	Nine months from 1 Apr. 2006 to 31 Dec. 2006			Nine months from 1 Apr. 2005 to 31 Dec. 2005				From 1 Apr. 2005 to 31 Mar. 2006		
	Amount	%		Amount	%			Amount	%	
I. Net sales		674,213	100.0		649,428	100.0	24,785		885,067	100.0
II. Cost of sales		476,716	70.7		459,986	70.8	16,729		627,279	70.9
Gross income		197,496	29.3		189,441	29.2	8,055		257,788	29.1
III. Selling, general & administrative expenses		167,237	24.8		164,621	25.3	2,615		217,500	24.6
Operating income		30,259	4.5		24,820	3.8	5,439		40,287	4.6
IV. Non-operating income										
1. Interest income	619			832				1,033		
2. Dividend income	2,434			2,623				2,634		
3. Investment income by equity method	884			1,185				1,708		
4. Miscellaneous income	3,399	7,337	1.1	3,947	8,589	1.3	-1,251	6,492	11,869	1.3
V. Non-operating expenses										
1. Interest expenses	1,202			1,627				2,131		
2. Discount on commercial paper	18			-				-		
3. Sales discounts	244			245				328		
4. Miscellaneous expenses	3,636	5,101	0.8	3,006	4,879	0.8	221	5,894	8,355	0.9
Recurring income		32,496	4.8		28,529	4.4	3,966		43,801	4.9
VI. Extraordinary income										
Gain on change in equity	-	-	-	5,155	5,155	0.8	-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			1,799				3,946		
3. Loss on sales or disposal of property, plant and equipment	1,171	3,359	0.5	746	14,426	2.2	-11,067	1,328	17,155	1.9
3rd quarter income before income taxes and minority		29,136	4.3		19,259	3.0	9,877		31,835	3.6
Income taxes		12,781	1.9		7,491	1.2	5,289		6,584	0.7
Deferred taxes		-	-		-	-	-		4,584	0.5
Minority interests		375	0.1		516	0.1	-141		437	0.0
3rd quarter net income		15,980	2.4		11,250	1.7	4,729		20,229	2.3

### **3. Consolidated Statements of Capital Surplus and Retained Earnings, and changes in Shareholders' Equity**

#### *Consolidated Statements of Capital Surplus and Retained Earnings*

(Millions of Yen)

Term  Item	3rd Qtr. FY 2005		FY 2005	
	Nine months from 1 Apr. 2005 to 31 Dec. 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	236	236	190	190
III. Capital surplus at end of term		109,502		109,456
( Retained earnings )				
I. Retained earnings at beginning of term		97,641		97,641
II. Increase in retained earnings				
1. Net income	11,250		20,229	
2. Increase due to exclusion of affiliates accounted for by equity method	6,945	18,196	6,945	27,174
III. Decrease in retained earnings				
1. Dividends	5,329		5,329	
2. Directors' bonuses	209		209	
3. Decrease due to inclusion of consolidated subsidiaries	307	5,846	369	5,908
IV. Retained earnings at end of term		109,991		118,909

## Consolidated Statement of Changes in Shareholders' Equity

Nine months from Apr. 1, 2006 to Dec. 31, 2006

(Millions of Yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2006	100,002	109,456	118,909	-6,629	321,738
Changes during 3rd quarter					
Dividends on retained earnings *	-	-	-6,363	-	-6,363
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 3rd quarter	-	-	15,980	-	15,980
Purchase of treasury stock	-	-	-	-74	-74
Cancellation of treasury stock	-	-33	-	262	229
Changes in items other than shareholders' equity during 3rd quarter (net)	-	-	-	-	-
Total changes during 3rd quarter	-	-33	9,111	188	9,265
Balance at Dec.31, 2006	100,002	109,423	128,019	-6,441	331,003

	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 March 31, 2006	54,051	215	1,199	55,467	-	10,253	387,459
Changes during 3rd quarter							
Dividends on retained earnings *	-	-	-	-	-	-	-6,363
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 income during 3rd quarter	-	-	-	-	-	-	15,980
Purchase of treasury stock	-	-	-	-	-	-	-74
Cancellation of treasury stock	-	-	-	-	-	-	229
Changes in items other than shareholders' equity during 3rd quarter (net)	-2,915	1	2,336	-577	46	-1,061	-1,592
Total changes during 3rd quarter	-2,915	1	2,336	-577	46	-1,061	7,673
Balance at Dec.31, 2006	51,135	216	3,536	54,889	46	9,192	395,131

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

#### 4. Consolidated Statements of Cash Flows

(Millions of Yen)

Term Item	3rd Qtr. FY 2006	3rd Qtr. FY 2005	FY 2005
	Nine months from 1 Apr. 2006 to 31 Dec. 2006	Nine months from 1 Apr. 2005 to 31 Dec. 2005	From 1 April 2005 to 31 March 2006
<b>I. Operating activities</b>			
1. Income (loss) before income taxes and minority interests	29,137	19,259	31,835
2. Depreciation and amortization	18,839	18,678	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	1,171	746	1,328
6. Decrease in allowance for retirement bonuses	-5,326	-4,313	690
7. Decrease in allowance for retirement benefits	-1,997	-543	-1,766
8. Interest and dividend income	-3,054	-3,455	-3,668
9. Interest expense	1,464	1,873	2,460
10. Equity in losses (earnings) of affiliates	-884	-1,185	-1,708
11. Decrease (increase) in accounts receivable	-10,254	-13,617	-12,056
12. Decrease in inventories	-14,453	-6,786	-4,872
13. Decrease in accounts payable	2,834	-5,384	-3,215
14. Increase (decrease) in advances received	-1,397	-4,737	-181
15. Directors' bonuses paid	-314	-209	-209
16. Other	22	-1,931	1,634
Subtotal	17,004	5,116	42,498
17. Interest and dividends received	3,430	3,879	4,092
18. Interest paid	-1,353	-2,004	-2,646
19. Income taxes paid	-7,026	-4,735	-5,676
Net cash (used in) provided by operating activities (1)	12,055	2,256	38,268
<b>II. Investing activities</b>			
1. Purchases of property, plant and equipment	-22,629	-16,035	-24,088
2. Proceeds from sales of property, plant and equipment	2,039	1,631	2,322
3. Purchases of investment securities	-3,509	-2,883	-6,168
4. Proceeds from sales or redemption of investment securities	862	46,871	47,122
5. Purchases of subsidiaries' shares due to change in scope of consolidation	-20,662	-1,498	-1,498
6. Purchases of consolidated subsidiaries' shares from minority shareholders	-2,484	-	-563
7. Purchases of intangible assets and long-term prepaid expenses	-1,555	-1,560	-2,727
8. (Increase) decrease in short-term loans, net	-1,498	314	1,002
9. Purchases of long-term loans	-27	-1,367	-1,976
10. Proceeds from recovery of long-term loans	695	142	936
11. Other	-1,238	308	485
Net cash (used in) provided by investing activities (2)	-50,010	25,922	14,847
<b>III. Financing activities</b>			
1. Increase (decrease) in short-term debt, net	10,102	-1,702	2,305
2. Increase (decrease) in commercial paper, net	14,000	-	-
3. Proceeds from long-term loans	14,982	281	256
4. Repayment of long-term loans	-10,641	-15,102	-23,775
5. Proceeds from issuance of bonds	612	-	-
6. Repayment of bonds	-	-	-10,413
7. Dividends paid	-6,363	-5,179	-5,328
8. Cash dividends paid to minority shareholders of consolidated subsidiaries	-272	-221	-221
9. Payment of withholding tax on dividends for former shareholders of newly consolidated subsidiaries	-2,997	-	-
10. Proceeds from sales of treasury stock	2	5,532	5,534
11. Purchase of treasury stock	-74	-10,892	-10,913
12. Other	38	1,508	1,133
Net cash used in financing activities (3)	19,388	-25,774	-41,421
<b>IV. Effect of exchange rate changes on cash and cash equivalents (4)</b>	367	45	345
<b>V. Net (decrease) increase in cash and cash equivalents (1)+(2)+(3)+(4)</b>	-18,199	2,449	12,039
<b>VI. Cash and cash equivalents at beginning of term</b>	44,629	30,927	30,927
<b>VII. Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries</b>	185	1,662	1,662
<b>VIII. Cash and cash equivalents at end of term</b>	26,615	35,039	44,629

## 5. Segment Information

### (1) Business segments

First nine months of fiscal 2006 (Apr. 1, 2006 to Dec. 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	318,711	150,134	173,705	31,661	674,213	-	674,213
(2)Intersegment	308	8,899	5,662	4,360	19,230	-19,230	-
Total	319,018	159,034	179,368	36,022	693,442	-19,230	674,213
Operating expenses	309,018	153,741	163,353	36,835	662,948	-18,995	643,953
Operating income (loss)	10,000	5,292	16,014	-813	30,494	-234	30,259
II. Assets	177,429	165,849	245,986	43,439	632,704	229,685	862,390
Depreciation and amortization	3,912	4,043	9,051	1,217	18,224	614	18,839
Loss on asset impairment	-	-	-	-	-	1,218	1,218
Capital expenditures	4,638	5,393	13,198	1,134	24,365	531	24,896

First nine months of fiscal 2005 (Apr. 1, 2005 to Dec. 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	319,035	142,501	155,353	32,537	649,428	-	649,428
(2)Intersegment	286	8,549	5,610	4,706	19,152	-19,152	-
Total	319,321	151,050	160,963	37,244	668,580	-19,152	649,428
Operating expenses	309,584	146,093	148,841	39,248	643,767	-19,159	624,607
Operating income (loss)	9,737	4,957	12,122	-2,004	24,813	7	24,820
II. Assets	172,652	155,983	182,890	45,145	556,671	219,751	776,422
Depreciation and amortization	3,979	3,950	8,767	1,221	17,918	760	18,678
Loss on asset impairment	11,869	11	-	-	11,880	-	11,880
Capital expenditures	4,322	3,912	8,545	1,174	17,954	112	18,067

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

## (2) Geographical Segments

First nine months of fiscal 2006 (Apr. 1, 2006 to Dec. 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	600,745	20,253	22,249	28,283	2,680	674,213	-	674,213
(2)Intersegment	19,792	708	2,389	1,635	55	24,582	-24,582	-
Total	620,538	20,962	24,639	29,918	2,736	698,795	-24,582	674,213
Operating expenses	595,811	19,686	22,290	28,263	2,443	668,496	-24,542	643,953
Operating income	24,726	1,275	2,348	1,655	293	30,299	-39	30,259
II. Assets	537,809	21,658	38,549	41,534	4,120	643,669	218,721	862,390

First nine months of fiscal 2005 (Apr. 1, 2005 to Dec. 31, 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	587,161	16,542	21,141	22,512	2,069	649,428	-	649,428
(2)Intersegment	17,574	803	1,409	1,116	100	21,004	-21,004	-
Total	604,735	17,346	22,551	23,628	2,169	670,431	-21,004	649,428
Operating expenses	584,457	16,333	20,179	22,406	1,922	645,298	-20,691	624,607
Operating income	20,278	1,012	2,372	1,222	247	25,133	-313	24,820
II. Assets	473,958	15,452	28,373	29,756	3,454	550,994	225,427	776,422

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

### (3) Overseas net sales

First nine months of fiscal 2006(Apr. 1, 2006 to Dec. 31, 2006)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	20,912	24,594	35,522	2,879	83,909
II Consolidated net sales (millions of yen)					674,213
III Overseas net sales as a ratio of consolidated net sales (%)	3.1	3.6	5.3	0.4	12.4

First nine months of fiscal 2005 (Apr. 1, 2005 to Dec. 31, 2005)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	16,680	21,537	27,833	2,786	68,838
II Consolidated net sales (millions of yen)					649,428
III Overseas net sales as a ratio of consolidated net sales (%)	2.6	3.3	4.3	0.4	10.6

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

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.

### **6. Housing Business Orders**

	Balance of Orders	
	Millions of Yen	%
FY 2006 Third Qtr.	285,943	5.1
FY 2005 Third Qtr.	272,155	-8.0

Notes: Balance of orders is cumulative to the end of the quarter under review.

Percentages indicate year-on-year changes.