

July 31, 2007

**Summary of Business Result for first quarter of year ending March 31, 2008(Consolidated)**

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 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange  
 Code Number: 4204  
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(Figures rounded down to the nearest million yen)

**1. Consolidated Business Results for First Quarter of Year Ending March 31, 2008 (April 1, 2007 - June 30, 2007)**

1) Consolidated business results (% is percent change from same period in previous fiscal year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
1st Quarter of Fiscal 2007	203,256	9.9	-878	-	-636	-	6,666	-
1st Quarter of Fiscal 2006	185,017	-3.8	-33	-	995	-64.7	-2,413	-
FY2006	926,163	-	45,157	-	46,910	-	25,538	-

	Net Income Per Share	Net Income Per Share (Diluted)
	yen	yen
1st Quarter of Fiscal 2007	12.59	12.58
1st Quarter of Fiscal 2006	-4.56	-
FY2006	48.19	48.13

## 2) Consolidated financial position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	million yen	million yen	%	yen
1st Quarter of Fiscal 2007	821,623	389,114	46.2	722.74
1st Quarter of Fiscal 2006	777,983	367,877	46.1	694.24
FY2006	879,153	413,141	45.9	761.69

## 3) Consolidated Cash Flows

	Operating Activities	Investing Activities	Financing Activities	End of Year Cash and Cash Equivalents
	million yen	million yen	million yen	million yen
1st Quarter of Fiscal 2007	-15,431	43,340	-20,533	35,085
1st Quarter of Fiscal 2006	-5,895	-11,706	-829	26,546
FY2006	41,929	-59,100	-2,484	25,968

**2. Consolidated Outlook for FY2007 (April 1, 2007 – March 31, 2008) (Reference)**

(% is percent change from the same period (interim, full year) in the previous fiscal year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income Per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	465,000	6.3	19,000	-1.0	20,500	-1.1	20,000	113.6	38.04
Full Year	980,000	5.8	55,000	21.8	56,500	20.4	40,000	56.6	76.09

### 3. Other

- 1) Significant change of subsidiary companies during the term (change of specified subsidiaries that affected the scope of consolidated reporting) No
- 2) Application of simplified accounting methods Yes
- 3) Changes in accounting methods from the most recent consolidated fiscal year Yes

[See Page 5 “Qualitative Information and Financial Statements, 4. Other” for details.]

\* Notes regarding forward looking statements

1. The Company has not revised its consolidated interim and full-year forecasts for the fiscal year ending March 31, 2008, from the forecast figures announced on June 5, 2007.
2. Forecasts and forward looking statements presented in this report are based on information and business conditions pertinent at the time of production of this report. Actual results could differ significantly from forecasts due to changes in these business conditions. See “Qualitative Information and Financial Statements, 3. Consolidated full-year forecasts for April 1, 2007 to March 31, 2008” for further information.

## Qualitative Information and Financial Statements

### 1. Qualitative information concerning the consolidated business results and changes in consolidated financial position

#### 1) Consolidated business results for the three months ended June 30, 2007

Consolidated net sales in the first quarter increased from the same period a year ago on steady sales growth in each of the growth business areas pursued by the company, specifically overseas business and the automotive, IT, and medical growth fields.

Operating income declined, however, as the company's forward investment in the overseas operations and other growth areas raised depreciation costs and from the impact of higher raw materials prices.

On June 5, 2007, the company sold a portion (3,000 shares) of its holdings in Sekisui House and has allocated the capital received from the sale to facilities investment in the growth areas, M&A, and other strategic investments.

#### 2) Business results by company for the three months ended June 30, 2007

##### <Housing>

Housing Company sales and income increased for the quarter as a decline in the number of unit orders was balanced by higher unit prices in the housing segment and sales increased for the core tile exterior and painting products in the living environment segment.

Sluggish demand in the reconstruction market, which is the primary target market, led to a decline in orders of 10% year on year in the housing segment and 8% overall for the Housing Company.

The Company enhanced its new product offerings with the April release of "Domani Comfatic new" houses designed to meet the needs of baby-boomer consumers.

Improved organizational efficiency effectively lowered fixed costs for the quarter. In addition, we strengthened our marketing structure by introducing dedicated sales activities for steel-frame and wooden-frame houses, housing complexes and built-for-sale houses and establishing on July 1 a sales company network spanning the Tokyo, Chubu, and Kinki regions.

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

Sales grew on contributions from newly consolidated companies and expanding business overseas. However, income decreased as sales volume and prices declined from the tight markets for the core PVC pipes and other core PVC products, which was largely due to the sharp increases in raw materials costs.

In the main growth and expansion businesses, domestic sales were strong for the pipe restoration business centered on the sewer pipe renewal (SPR) method and the recycle engineered wood and reinforced plastic pipe operations of the infrastructure composites business.

Among our new businesses, we are making steady progress in preparation for the August 2007 start of our first public finance initiative (PFI)\* method order for a vacuum sewage system in Kazo, Saitama Prefecture. Sales of EcoValue Wood, which we launched in October 2006 as the feature product of our line of environmentally contributing products, grew for use as dressed lumber and preconstruction materials.

Overseas business continues steadily expanding. Business remains brisk in the United States, with strong sales demand for aircraft applications driving growth the molding plastic sheet business. Business is also strong in China for reinforced plastic pipes and in Europe for rain gutters.

\*A public finance initiative (PFI) is a method of engaging private funds, management and technological capabilities for

the construction, maintenance, or operation of public facilities.

### <High Performance Plastics>

Company sales and income increased year on year in the first quarter on strong growth in the automotive and medical businesses, which with IT represent the three strategic growth fields.

In the automotive field, sales were strong for interlayer film for glass and foam polyolefin products. In the IT field, sales grew in line with expectations despite the impact on demand for LCD panel materials from industry inventory adjustments during the quarter. In the medical field, sales slowed somewhat for diagnostic drugs while continuing strong for vacuum blood sampling tubes.

The HPP Company has begun preparations for the April 2008 integration into its medical business of 100% subsidiary Daiichi Pure Chemicals Co., Ltd., which was acquired in October 2006. The Company also made strides to develop markets for its products overseas. The Company established and launched operations of a company in June of this year to import and market Group products in India.

## 2. Qualitative information concerning the consolidated financial position

### 1) Financial position for the three months ended June 30, 2007

Total assets as of June 30, 2007 were 57.5 billion yen less than March 31, 2007 at 821.6 billion yen. Current assets rose 11.0 billion yen, primarily on a rise in inventory assets from increases in cash and time deposits and housing segment work in process while notes and accounts receivable decreased. Fixed assets declined ¥68.5 billion yen, largely as a result of sale of investments in securities.

Liabilities declined 33.5 billion yen to 432.5 billion yen from March 31, 2007, mainly from decreases in interest-bearing debt and deferred income taxes.

Net assets declined 24.0 billion yen to 389.1 billion yen on a decrease in the unrealized holding gain on securities and the acquisition of shareholders' equity. Shareholders' equity, after deducting minority shareholders' interests from net assets, amounted to 379.9 billion yen. The shareholders' equity ratio was 46.2%.

### 2) Cash flows for the three months ended June 30, 2007

Net cash provided by operating activities decreased from the same quarter in the previous fiscal year to 15.4 billion yen. This was mainly due to cash inflows of 14.7 billion yen in income before income taxes and minority interests and 6.7 billion yen in depreciation and amortization coupled with cash outflows of 22.4 billion yen from the gain on sale of investments in securities, which is accounted as operating capital and deducted from the cash flow account, and 11.6 billion yen in income taxes paid.

Net cash used by investing activities was 43.3 billion yen. This mainly reflected investment of 9.5 billion yen to acquire tangible and intangible fixed assets focused on key and growth areas and the sale of 53.2 billion yen of investment securities of Sekisui House Co., Ltd.

Net cash provided by financing activities was 20.5 billion yen. This largely reflected dividend payments of 4.3 billion yen and the acquisition of 4.1 billion yen of shareholders' equity, which were outweighed by net decrease in interest-bearing liabilities of 12.2 billion yen.

As a result, cash and cash equivalents at the end of the three-month period ended June 30, 2007 totaled 35.0 billion yen.

## 3. Consolidated first-half forecasts for April 1, 2007 to September 30, 2007

On June 5, 2007, the Company announced revised consolidated first half forecasts from its original forecasts announced

on April 26, 2007, for the fiscal year ending March 31, 2008. The revisions are primarily the result of the sale of a portion of the security holdings in Sekisui House, a change in the depreciation accounting method for fixed assets from one-time depreciation of residual value to the five-year straight-line method, and expenses incurred for structural reform of the Housing Company.

(Unit: Millions of yen)

	Revised forecasts announced June 5, 2007	Initial forecasts announced April 26, 2007
Net Sales	465,000	465,000
Operating Income	19,000	20,000
Recurring Income	20,500	22,000
Net Income	20,000	4,000

#### 4. Other

##### 1) Significant changes in subsidiaries during the year under review (changes in specific subsidiaries involving changes in the scope of consolidation)

No significant changes in subsidiaries during the year under review (no changes in specific subsidiaries involving changes in the scope of consolidation).

##### 2) Application of simplified accounting methods

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.

##### 3) Changes in accounting methods from the most recent consolidated fiscal year

1. These consolidated financial statements were prepared in accordance with the Accounting Standard for Measurement of Inventories (Accounting Standards Board of Japan, Statement No. 9, July 5, 2006) scheduled to be applied beginning on or before March 31, 2008.

Application of this standard resulted in declines from the previous term end (March 31, 2007) to the current term end (June 30, 2007) in operating and recurring profit of ¥29.5 billion yen and in total assets (net assets and income before income taxes) of ¥336.4 billion yen.

Information regarding the effect on each business segment is presented in the appropriate sections above.

2. The company and its domestic consolidated subsidiaries have calculated the depreciation of tangible fixed assets using the declining-balance method (or the straight-line method for buildings, excluding structures attached to the buildings, acquired on or after April 1, 1998). Pursuant to revisions to the corporate tax code (Law for Partial Amendment of the Income Tax Law, Law No. 6., effective March 30, 2007, and Act for Partial Amendment of the Income Tax Law, Act No. 83, effective March 30, 2007), the depreciation computation method was revised beginning in fiscal year 2007 by discontinuing use of the straight-line method and utilizing solely the declining-balance method of valuating tangible fixed assets based on the estimated useful lives of the respective assets.

The adoption of the declining-balance method of depreciation accounting raised total consolidated depreciation costs for the fiscal year ending March 31, 2007, by 50 million yen, which subsequently caused reductions in total assets, operating income, recurring income, income before income taxes, and net income.

(Additional Information)

Beginning with the fiscal year under review, the remaining depreciation amounts on tangible fixed assets acquired before March 31, 2007, are calculated using the straight-line method over five years.

This revision to the depreciation method raised total consolidated depreciation costs for the fiscal year by 48.2 million yen, which subsequently caused reductions in total assets, operating income, recurring income, income before income taxes, and net income.

Information regarding the effect on each business segment is presented in the appropriate sections above.

## Consolidated Balance Sheets for the Quarter

### 1. Consolidated Balance Sheets

(Millions of Yen)

Term Item	FY2006		1st Qtr. FY 2007		Difference		(Ref) 1st Qtr. FY 2006	
	As of 31 March 2007		As of 30 June 2007				As of 30 June 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
(Assets )								
I. Current Assets								
1. Cash and deposits	26,083		34,197		8,114	31.1	26,633	
2. Trade notes receivable	66,590		64,914		-1,675	-2.5	55,773	
3. Accounts receivable	110,116		98,705		-11,411	-10.4	83,216	
4. Securities	22		1,016		993	-	-	
5. Inventories	40,704		42,172		1,467	3.6	39,331	
6. Land for sale	19,772		20,128		355	1.8	13,782	
7. Other inventories	48,843		58,362		9,519	19.5	55,307	
8. Advances	1,202		1,352		150	12.5	2,041	
9. Prepaid expenses	1,168		2,504		1,336	114.4	2,677	
10. Deferred tax assets	11,609		13,449		1,840	15.9	7,855	
11. Short-term loans	3,061		2,573		-487	-15.9	3,190	
12. Other	13,092		15,858		2,765	21.1	13,718	
13. Allowance for doubtful accounts	-1,282		-3,202		-1,920	-	-959	
Total current assets	340,986	38.8	352,034	42.8	11,048	3.2	302,569	38.9
II. Fixed assets								
1. Tangible fixed assets								
(1) Buildings & structures	86,798		88,928		2,130	2.5	83,095	
(2) Machinery, equipment and tools	61,176		65,621		4,445	7.3	59,923	
(3) Land	67,958		67,946		-11	0.0	64,187	
(4) Construction in progress	20,161		14,803		-5,358	-26.6	15,282	
(5) Other	9,391		9,475		84	0.9	8,024	
(Total tangible fixed assets)	245,485	27.9	246,775	30.0	1,290	0.5	230,515	29.6
2. Intangible fixed assets								
(1) Goodwill	18,638		19,332		693	3.7	3,161	
(2) Software	4,674		4,617		-57	-1.2	3,699	
(3) Other	1,939		1,883		-55	-2.9	1,886	
(Total intangible fixed assets)	25,252	2.9	25,833	3.1	581	2.3	8,747	1.1
3. Investments and other assets								
(1) Investment securities	249,432		179,938		-69,493	-27.9	219,384	
(2) Long-term loans	2,184		796		-1,388	-63.5	4,137	
(3) Long-term prepaid expenses	1,553		1,637		83	5.4	1,609	
(4) Deferred income taxes	4,163		4,058		-104	-2.5	3,327	
(5) Other	11,829		11,786		-43	-0.4	10,686	
(6) Allowance for doubtful accounts	-1,734		-1,236		498	-	-2,993	
(Total investments and other assets)	267,428	30.4	196,980	24.0	-70,448	-26.3	236,151	30.4
Total fixed assets	538,166	61.2	469,589	57.2	-68,577	-12.7	475,413	61.1
Total assets	879,153	100.0	821,623	100.0	-57,529	-6.5	777,983	100.0

(Millions of Yen)

Term Item	FY2006		1st Qtr. FY 2007		Difference		(Ref) 1st Qtr. FY 2006	
	As of 31 March 2007		As of 30 June 2007				As of 30 June 2006	
	Amount	%	Amount	%	Amount	%	Amount	%
( Liabilities )								
I. Current liabilities								
1. Trade notes payable	14,972		16,538		1,565	10.5	14,622	
2. Accounts payable	124,152		115,548		-8,604	-6.9	106,998	
3. Short-term loans	59,353		51,962		-7,391	-12.5	47,281	
4. Commercial paper	3,000		-		-3,000	-100.0	-	
5. Bonds due within one year	10,000		-		-10,000	-100.0	10,000	
6. Accrued expenses	29,731		29,051		-679	-2.3	22,456	
7. Accrued income taxes	13,096		11,225		-1,871	-14.3	4,158	
8. Deferred tax liabilities	110		131		20	18.3	139	
9. Provision for bonuses	13,443		10,811		-2,632	-19.6	9,125	
10. Provision for directors' bonuses	345		34		-311	-90.1	-	
11. Provision for compensation for completed constructions	936		931		-5	-0.5	963	
12. Advances received	37,820		45,704		7,883	20.8	47,291	
13. Other	34,449		34,141		-307	-0.9	31,467	
Total current liabilities	341,413	38.8	316,080	38.5	-25,332	-7.4	294,505	37.9
II. Fixed liabilities								
1. Bonds	5,641		5,628		-13	-0.2	5,000	
2. Long-term loans	33,289		41,983		8,694	26.1	35,837	
3. Deferred tax liabilities	18,928		3,574		-15,353	-81.1	6,334	
4. Provision for retirement allowances	60,643		59,303		-1,340	-2.2	62,170	
5. Other	6,095		5,939		-156	-2.6	6,258	
Total fixed liabilities	124,598	14.2	116,429	14.2	-8,169	-6.6	115,600	14.9
Total liabilities	466,011	53.0	432,509	52.6	-33,502	-7.2	410,106	52.7
(Net assets)								
I. Shareholders' equity								
1. Common stock	100,002	11.4	100,002	12.2	-	-	100,002	12.9
2. Capital surplus	109,420	12.4	109,400	13.3	-20	-0.0	109,420	14.1
3. Retained earnings	137,712	15.7	140,120	17.1	2,407	1.7	112,836	14.5
4. Treasury stock	-6,375	-0.7	-10,516	-1.3	-4,141	-	-6,539	-0.8
Total shareholders' equity	340,759	38.8	339,005	41.3	-1,753	-0.5	315,719	40.6
II. Revaluation and translation adjustments								
1. Unrealized holding gain on securities	57,427	6.5	35,037	4.3	-22,390	-39.0	41,084	5.3
2. Unrealized gain on land revaluation	216	0.0	216	0.0	-	-	215	0.0
3. Foreign currency translation adjustments	5,419	0.6	5,703	0.7	284	5.3	1,943	0.2
Total revaluation and translation adjustments	63,063	7.2	40,957	5.0	-22,105	-35.1	43,243	5.6
III. Share subscription rights	73	0.0	101	0.0	27	37.5	-	-
IV. Minority shareholders' interests	9,244	1.1	9,048	1.1	-195	-2.1	8,914	1.1
Total net assets	413,141	47.0	389,114	47.4	-24,027	-5.8	367,877	47.3
Total liabilities and net assets	879,153	100.0	821,623	100.0	-57,529	-6.5	777,983	100.0

**2. Consolidated Profit and Loss Statements**

(Millions of Yen)

Term Item	Prior fiscal year		Current fiscal year		Difference		(Ref) FY2006				
	From 1 April 2006 to 30 June 2006		From 1 April 2007 to 30 June 2007				As of 31 March 2007				
	Amount	%	Amount	%	Amount	%	Amount	%			
I. Net sales	185,017	100.0	203,256	100.0	18,239	9.9	926,163	100.0			
II. Cost of sales	130,994	70.8	145,277	71.5	14,283	10.9	656,504	70.9			
Gross income	54,022	29.2	57,978	28.5	3,955	7.3	269,659	29.1			
III. Selling, general & administrative expenses	54,056	29.2	58,857	29.0	4,800	8.9	224,501	24.2			
Operating income	-33	-0.0	-878	-0.4	-844	-	45,157	4.9			
IV. Non-operating income											
1. Interest income	193		279				910				
2. Dividend income	1,220		1,511				2,450				
3. Investment income resulting from equity method	-		-				1,414				
4. Miscellaneous income	1,242	2,655	1.4	789	2,579	1.3	-76	-2.9	5,435	10,210	1.1
V. Non-operating expenses											
1. Interest expenses	383		500				1,757				
2. Discount on commercial paper	-		12				19				
3. Sales discounts	74		76				333				
4. Investment loss resulting from equity method	13		634				-				
5. Miscellaneous expenses	1,156	1,627	0.9	1,113	2,337	1.1	710	43.6	6,347	8,458	0.9
Recurring income or loss	995	0.5	-636	-0.3	-1,631	-			46,910	5.1	
VI. Extraordinary income											
1. Gain on change in equity	-		22,488				-				
2. Gain on transfer of business	-	-	478	22,966	11.3	22,966	-	-	-	-	
VII. Extraordinary expenses											
1. Structural improvement expenses	-		4,263				4,339				
2. Loss on revaluation of inventories	-		3,069				-				
3. Loss on asset impairment	-		-				1,800				
4. Loss on sales or disposal of property, plant and equipment	427	427	0.2	250	7,583	3.7	7,155	-	1,913	8,053	0.9
Income before income taxes and minority interests	567	0.3	14,746	7.3	14,179	-			38,856	4.2	
Income taxes	2,909		8,131				15,322				
Deferred taxes	-	2,909	1.6	-	8,131	4.0	5,222	179.5	-2,634	12,688	1.4
Minority interests	72	0.0	-51	-0.0	-123	-			629	0.1	
Net income or loss	-2,413	-1.3	6,666	3.3	9,080	-			25,538	2.8	

**3. Consolidated Statements of Capital Surplus and Retained Earnings, and changes in Shareholders' Equity***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	Share subscription rights	Minority shareholders' interests	Total net assets
	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	55,467	-	10,253	387,459
Changes									
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 losses			-2,413		-2,413				-2,413
Acquisition of treasury stock				-18	-18				-18
Cancellation of treasury stock		-36		108	72				72
Changes in items other than shareholders' equity (net)						-12,224	-	-1,339	-13,563
Total changes		-36	-6,071	90	-6,017	-12,224	-	-1,339	-19,580
Balance at June 30,2006	100,002	109,420	112,836	-6,539	315,719	43,243	-	8,914	367,877

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

1st Qtr. FY 2007 (from 1 April 2007 to 30 June 2007)

(Millions of Yen)

	Shareholders' Equity					Revaluation and translation adjustments	Share subscription rights	Minority shareholders' interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity				
Balance at March 31,2007	100,002	109,420	137,712	-6,375	340,759	63,063	73	9,244	413,141
Changes									
Dividends on retained earnings *			-4,244		-4,244				-4,244
Decrease in retained earnings due to increase in consolidated subsidiaries			-8		-8				-8
Decrease in retained earnings due to exclusion in consolidated subsidiaries			-6		-6				-6
Net income			6,666		6,666				6,666
Acquisition of treasury stock				-4,199	-4,199				-4,199
Cancellation of treasury stock		-20		58	37				37
Changes in items other than shareholders' equity (net)						-22,105	27	-195	-22,273
Total changes		-20	2,407	-4,141	-1,753	-22,105	27	-195	-24,027
Balance at June 30,2007	100,002	109,400	140,120	-10,516	339,005	40,957	101	9,048	389,114

\*This item is the appropriation of earnings approved at the Annual General Meeting of Shareholders held in June 2007.

Fiscal 2006 (Apr. 1, 2006 to Mar. 31, 2007)

(Millions of Yen)

	Shareholders' Equity					Revaluation and translation adjustments	Share subscription rights	Minority shareholders' interests	Total net assets
	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	55,467	-	10,253	387,459
Changes									
Dividends on retained earnings *			-3,180		-3,180				-3,180
Dividends on retained earnings			-3,182		-3,182				-3,182
Directors' bonuses *			-314		-314				-314
Increase in retained earnings due to increase in consolidated subsidiaries			-55		-55				-55
Decrease in retained earnings due to exclusion in consolidated subsidiaries			-2		-2				-2
Net income			25,538		25,538				25,538
Acquisition of treasury stock				-101	-101				-101
Cancellation of treasury stock		-36		354	318				318
Changes in items other than shareholders' equity (net)						7,596	73	-1,009	6,660
Total changes		-36	18,805	253	19,022	7,596	73	-1,009	25,681
Balance at March 31,2007	100,002	109,420	137,712	-6,375	340,759	63,063	73	9,244	413,141

\*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	1st Qtr. FY 2006	1st Qtr. FY 2007	FY 2006
	From 1 April 2006 to 30 June 2006	From 1 April 2007 to 30 June 2007	From 1 April 2006 to 31 March 2007
<b>I. Operating activities</b>			
1. Income (loss) before income taxes and minority interests	567	14,746	38,856
2. Depreciation and amortization	5,793	6,783	26,045
3. Loss on asset impairment	-	-	1,800
4. Gain on change in equity	-11	-22,487	-117
5. Loss on sales or disposal of property, plant and equipment	427	250	1,913
6. Reserve for bonuses	-2,826	-2,650	607
7. Decrease in allowance for retirement benefit	-718	-1,440	-3,103
8. Interest and dividend income	-1,413	-1,790	-3,360
9. Interest expense	457	588	2,110
10. Equity in losses (earnings) of affiliates	13	634	-1,414
11. Decrease (increase) in accounts receivable	11,106	13,668	-19,994
12. Decrease in inventories	-13,979	-10,517	-8,991
13. Decrease in account payable	-12,524	-8,947	8,500
14. Decrease in accounts payable	-1,038	-1,510	178
15. Increase (decrease) in advances received	9,233	7,883	-1,370
16. Directors' bonuses paid	-272	-	-314
17. Other	1,511	-472	7,191
Subtotal	-3,675	-5,263	48,536
18. Interest and dividends received	1,622	2,147	3,673
19. Interest paid	-478	-635	-2,051
20. Income taxes paid	-3,364	-11,679	-8,229
Net cash (used in) provided by operating activities (1)	-5,895	-15,431	41,929
<b>II. Investing activities</b>			
1. Purchases of property, plant and equipment	-7,728	-9,099	-32,706
2. Proceeds from sales of property, plant and equipment	442	95	2,872
3. Purchases of investment securities	-1,444	-240	-3,757
4. Proceeds from sales of investment securities	55	53,263	1,039
5. Purchases of subsidiaries' shares due to change in scope of consolidation	-	-	-20,662
6. Purchases of consolidated subsidiaries' shares from minority shareholders	-2,027	-	-2,640
7. Purchases of intangible assets and long-term prepaid expenses	-318	-462	-2,542
8. (Increase) decrease in short-term loans, net	-1,267	-197	-1,551
9. Purchases of long-term loans	-6	-6	-27
10. Proceeds from recovery of long-term loans	675	8	861
11. Other	-86	-21	13
Net cash (used in) provided by investing activities (2)	-11,706	43,340	-59,100
<b>III. Financing activities</b>			
1. Increase (decrease) in short-term debt, net	3,385	10,176	-1,053
2. Increase (decrease) in commercial paper, net	-	-3,000	3,000
3. Proceeds from long-term loans	7,020	8,931	18,632
4. Repayment of long-term loans	-8,270	-18,390	-14,017
5. Proceeds of bonds	-	-	621
6. Repayment of bonds	-	-10,000	-
7. Dividends paid	-3,217	-4,249	-6,361
8. Cash dividends paid to minority shareholders of consolidated subsidiaries	-68	-128	-272
9. Payment of withholding tax on dividends for former shareholders of newly	-	-	-2,997
10. Proceeds from sales of treasury stock	-	-	3
11. Purchase of treasury stock	-17	-4,199	-100
12. Other	339	326	60
Net cash used in financing activities (3)	-829	-20,533	-2,484
<b>IV. Effect of exchange rate changes on cash and cash equivalents (4)</b>	173	77	783
<b>V. Net (decrease) increase in cash and cash equivalents (1)+(2)+(3)+(4)</b>	-18,258	7,453	-18,873
<b>VI. Cash and cash equivalents at beginning of term</b>	44,629	25,968	44,629
<b>VII. Increase in cash and cash equivalents resulting from additional consolidation</b>	174	1,684	212
<b>VIII. Decrease in cash and cash equivalents due to exclusion in consolidation of</b>	-	-20	-
<b>IX. Cash and cash equivalents at end of term</b>	26,546	35,085	25,968

## 5. Segment Information

### 1) Business segments

First Quarter of 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 Quarter of fiscal 2007 (Apr. 1, 2007 to June 30, 2007)

(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	85,953	43,182	64,481	9,638	203,256	—	203,256
(2)Intersegment	76	2,637	1,790	798	5,301	(5,301)	—
Total	86,029	45,819	66,272	10,437	208,558	(5,301)	203,256
Operating expenses	89,829	46,877	61,566	11,133	209,406	(5,271)	204,135
Operating income	-3,800	-1,057	4,706	-696	-848	(30)	-878
II. Assets	177,803	165,959	250,851	41,749	636,364	185,259	821,623
Depreciation and amortization	1,275	1,604	3,331	403	6,615	167	6,783
Capital expenditures	1,314	1,817	3,865	361	7,359	55	7,414

Fiscal 2006 (Apr. 1, 2006 to Mar. 31, 2007)

(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	430,034	214,552	237,880	43,695	926,163	—	926,163
(2)Intersegment	436	11,923	7,591	5,989	25,940	(25,940)	—
Total	430,470	226,476	245,472	49,684	952,103	(25,940)	926,163
Operating expenses	416,132	215,187	224,784	50,548	906,653	(25,646)	881,006
Operating income	14,337	11,289	20,688	-863	45,451	(293)	45,157
II. Assets	181,637	172,482	247,494	45,120	646,735	232,417	879,153
Depreciation and amortization	5,367	5,647	12,566	1,640	25,222	823	26,045
Loss on asset impairment	582	—	—	—	582	1,218	1,800
Capital expenditures	6,383	8,610	19,076	1,605	35,675	661	36,337

#### Changes in Accounting Methods

(Current consolidated fiscal year)

##### 1. Change in the valuation standards and method of inventory assets

The change in the inventory asset evaluation standards and method resulted in decreases in inventory asset value for each segment as follows: housing 1,016 million yen, urban infrastructure & environmental products 1,667 million yen, high performance plastics 563 million yen, and other 116 million yen.

##### 2. Change in the valuation method of tangible fixed asset depreciation

The change in the depreciation evaluation method for tangible fixed assets resulted in decreases in depreciation amounts on the tangible fixed assets of each segment as follows: housing 77 million yen, urban infrastructure & environmental products 213 million yen, high performance plastics 203 million yen, other 34 million yen, and eliminations and corporate assets 3 million yen.

## 2) Geographical Segments

First Quarter of fiscal 2006 (April. 1, 2006 to June 30, 2006)

(Millions of yen)

	Japan	United States of America	Europe	Asia	Other	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	-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 Quarter of fiscal 2007 (April. 1, 2007 to June 30, 2007)

(Millions of Yen)

	Japan	United States of America	Europe	Asia	Other	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales								
(1)To third parties	174,448	8,080	9,718	10,151	857	203,256	—	203,256
(2)Intersegment	7,101	24	858	532	21	8,538	(8,538)	—
Total	181,550	8,105	10,576	10,683	879	211,795	(8,538)	203,256
Operating expenses	184,237	7,305	9,777	10,208	814	212,344	(8,208)	204,135
Operating income	-2,687	799	798	475	64	-548	(329)	-878
II. Assets	539,521	24,048	41,282	45,425	3,689	653,967	167,656	821,623

Fiscal 2006 (April. 1, 2006 to Mar. 31, 2007 )

(Millions of yen)

	Japan	United States of America	Europe	Asia	Other	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales								
(1)To third parties	824,480	27,271	30,764	40,025	3,620	926,163	—	926,163
(2)Intersegment	26,835	1,039	3,217	2,442	87	33,623	(33,623)	—
Total	851,316	28,311	33,982	42,467	3,708	959,786	(33,623)	926,163
Operating expenses	814,432	26,523	30,843	39,630	3,352	914,782	(33,776)	881,006
Operating income	36,883	1,787	3,139	2,837	356	45,440	153	45,157
II. Assets	539,081	24,602	38,447	44,378	3,677	650,186	228,966	879,153

(Current consolidated fiscal year)

### 1. Change in the valuation standards and method of inventory assets

The change in the inventory asset evaluation standards and method resulted in a decrease of 3,364 million yen in the value of assets in Japan.

### 2. Change in the valuation method of tangible fixed asset depreciation

The change in the depreciation evaluation method for tangible fixed assets resulted in a decrease of 533 million yen in the value of assets in Japan.

**3) Overseas net sales**

First quarter of fiscal 2006 (April. 1, 2006 to June 30, 2006)

	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 quarter of fiscal 2007 (April. 1, 2007 to June 30, 2007)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	9,236	10,762	13,365	958	34,323
II Consolidated net sales (millions of yen)					203,256
III Overseas net sales as a ratio of consolidated net sales (%)	4.5	5.3	6.6	0.5	16.9

Fiscal 2006 (April. 1, 2006 to Mar. 31, 2007)

	United States of America	Europe	Asia	Others	Total
I Overseas net sales (millions of yen)	28,458	34,238	50,257	3,921	116,875
II Consolidated net sales (millions of yen)					926,163
III Overseas net sales as a ratio of consolidated net sales (%)	3.1	3.7	5.4	0.4	12.6

**\*Reference Materials****Summary of Business Results for First Quarter of Year Ending March 31, 2008 (Consolidated)****[Highlights]****Earning performance is on track to reach the first half targets. First quarter sales increased while income declined.****1. Overall**

(billion yen, %)

	1st Q FY2007 Actual	1st Q FY2006 Actual	Difference (%)		1H FY2007 Forecast Current (Previous)	1H FY2006 Actual	Difference (%)	
Net Sales	203.2	185.0	18.2	( 9.9)	465.0	437.3	27.6	( 6.3)
Operating Income	-0.8	-0.0	-0.8	( - )	19.0	19.1	-0.1	(-1.0)
Recurring Income	-0.6	0.9	-1.6	( - )	20.5	20.7	-0.2	(-1.1)
Net Income	6.6	-2.4	9.0	( - )	20.0	9.3	10.6	(113.6)

\*Revised June 5, 2007

**2. By Company**

(billion yen, %)

	1st Q FY2007		1st Q FY2006		Difference (%)			
	Sales	Operating income	Sales	Operating income	Sales		Operating income	
Housing	86.0	-3.8	82.3	-3.9	3.6	(4.4)	0.1	( - )
Urban Infrastructure & Environmental Products	45.8	-1.0	44.0	-0.3	1.7	(4.1)	-0.7	( - )
High Performance Plastics	66.2	4.7	53.5	4.6	12.7	(23.8)	0.0	(0.9)
Other Businesses	10.4	-0.6	11.6	-0.4	-1.2	(-10.5)	-0.2	( - )
Eliminations or unallocatable accounts	-5.3	-0.0	-6.5	-0.0	1.2	( - )	0.0	( - )
Total	203.2	-0.8	185.0	-0.0	18.2	(-9.9)	-0.8	( - )

**[Reference: Comparison to fiscal 2007 interim forecasts and fiscal 2006 interim results]**

(billion yen, %)

	1H FY2007 Forecast*		1H Fiscal 2006 Result		Difference (%)			
	Sales	Operating income	Sales	Operating income	Sales		Operating income	
Housing	212.0	6.8	212.0	7.2	-0.0	(-0.0)	-0.3	(-5.3)
Urban Infrastructure & Environmental Products	110.0	2.5	101.8	2.5	8.1	( 8.0)	-0.0	(-0.2)
High Performance Plastics	135.0	11.1	112.3	9.9	22.6	(20.2)	1.2	(12.5)
Other Businesses	23.0	-1.5	24.4	-0.3	-1.4	(-6.1)	-1.2	( - )
Eliminations or unallocatable accounts	-15.0	-0.0	-13.4	-0.2	-1.5	( - )	0.1	( - )
Total	465.0	19.0	437.3	19.1	27.6	( 6.3)	-0.1	(-1.0)

\*Revised June 5, 2007

### 3. Company Overview

1. Business remained brisk and sales increased in the growth fields (overseas, automotive, IT, and medical).
2. Forward investment in the growth fields and rising raw materials prices caused operating income to decline.
3. Net assets rose substantially from the sale of a portion of shareholdings in Sekisui House.

### 4. Overview by Company

#### Housing

**Sales and income increased as higher unit prices made up for a decrease in unit sales. Orders declined in a sluggish reconstruction market.**

##### Housing Business

- Sales rose 4% year on year while orders from the slowing reconstruction market fell 10%.
- The product line was further strengthened with the April release of the “Domani Comfatic new” model that converts the attic space to an extra room.
- Organizational improvements reduced overhead costs while advances were made to focus product marketing and strengthen the marketing structure.

##### Living environment Business

- Expanded sales of external tiling and other key commercial materials helped sales grow in line with expectations.

#### Urban Infrastructure and Environmental Products

**PVC product sales fell amid intensifying competition, but strong business overseas held sales on track to attain the first half target.**

##### Core Business

- Tight markets for PVC pipes and other PVC products led to declining sales volume and prices.

##### Overseas Business

- Overseas business remains brisk in the United States for molding plastic sheet and in China for reinforced plastic pipes.

#### High Performance Plastics

**Business continued generally strong in the strategic automotive, IT, and medical fields.**

##### Automotive Business

- Sales continued brisk for interlayer film and foam polyolefin products.

##### IT Business

- Sales grow according to plan even as IT industry inventory adjustments affected sales of materials for LCD panels.

##### Medical Business

- Preparations accelerated to integrate the Sekisui Chemical medical division and Daiichi Pure Chemicals.