

The Report on the First-half Results of Fiscal Year 2007

Sekisui Chemical Co., Ltd.
Naotake Okubo

26 October, 2007

Summary of Income and Loss

(100 Mil. yen)

	FY2007 FH Actual	FY2006 FH Actual	Changes	FY2007 Previous FH Plan	Difference from the Plan
Sales	4,678	4,373	305	4,650	28
Operating Income	179	192	-13	190	-11
Recurring Income	185	207	-22	205	-20
Net Income	179	94	85	200	-21

Dividend (yen / share)	7	6	1	7	0
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Sales & Operating Income by Company

(100 Mil. yen)

	FY2007 FH Actual		FY2006 FH Actual		Changes		FY2007 Previous FH Plan	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
Housing	2,108	62	2,121	72	-13	-10	2,120	69
UIEP	1,090	14	1,018	26	71	-12	1,100	26
HPP	1,373	116	1,124	99	249	16	1,350	112
Others	231	-12	245	-3	-14	-8	230	-16
Eliminated or Not Attributed	-123	-2	-135	-2	12	1	-150	-
Total	4,678	179	4,373	192	305	-13	4,650	190

*UIEP: Urban Infrastructure & Environmental Products Company

*HPP: High Performance Plastics Company

- The Overseas Frontiers have been expanding favorably.
- The Efficient Management System in Housing Business has been established.
- The PVC products for general purpose had a tough time influenced by the rising raw material price and the revised Building Code.
- The Housing Business had a hard time with order-taking in Tokyo and Osaka areas.

Pulling the pipe-related business together

- **Responses to the soaring raw material price**
 - Raising the selling price of products
 - Manufacturing Development Innovation
Cost-reduction by improving productivity
- **Structural Reforms ~ Shifting the managerial resources to the growth areas ~**
 - Development and Innovation Expanding the selection of growing products and differentiated products, The creation of new businesses
 - Renovation of business activity; From the route-sales to the business direct to the demands; Repositioning the business bases.

Increasing the order-taking
~Reinforcing the sales in Tokyo and Osaka areas~

- **Establishing the organization and structure for changing to the aggressive sales**
- **Sales Strategy taking advantage of the large-sales-area system**
 - Agile distribution of sales personnel toward the strategic areas
 - The new establishment of the exclusive sales force (for the houses built for sales and the apartment houses.); Intensively putting personnel to the large-demand areas.
- **Launching the urban-type new models: Mainly selling “Parfait Master-Design 2.0”**

(100 Mil. yen)

	FY2007 Revised Plan		FY2006 Actual		Changes		FY2007 Previous Plan	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
Housing	4,310	170	4,305	143	5	27	4,360	197
UIEP	2,400	100	2,265	113	135	-13	2,450	137
HPP	2,800	250	2,455	207	345	43	2,800	243
Others	490	-20	497	-9	-7	-11	490	-27
Eliminated or Not attributed	-300	-	-259	-3	-41	3	-300	-
Total	9,700	500	9,262	452	438	48	9,800	550

	FY2007		FY2006		Changes		FY2007 Previous Plan	
	FH	SH Plan	FH	SH	FH	SH	FH	SH
Dividend (yen / share)	7	8	6	8	1	0	7	8

SEKISUI HPP-1 FY2007 FH Results

60th Anniversary

Business Expansion

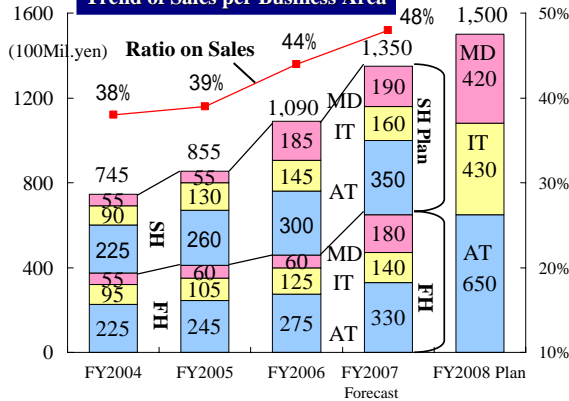
Strengthening the 3 Strategic Business Fields

- AT... Favorable progress of business in high performance interlayer film and Molded plastic products
- IT... Slower growth in the LCD market under tough competition and inventory adjustment.
- MD... Accelerated integration of medical business.

Structural Reform

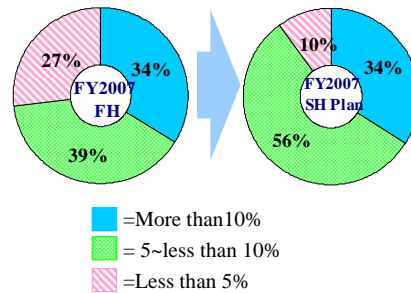
For cleaning-out the unprofitable products, we are going ahead with the price increase, CR, Integration of product category, including withdrawal.

Trend of Sales per Business Area



*From SH of FY2006, Business of Daiichi Pure Chem. is included.

Sales Composition (per BU & per Operating Income Rate)



SEKISUI HPP-2 Toward the achievement of the Midterm Management Vision "GS21-Go!Frontier"

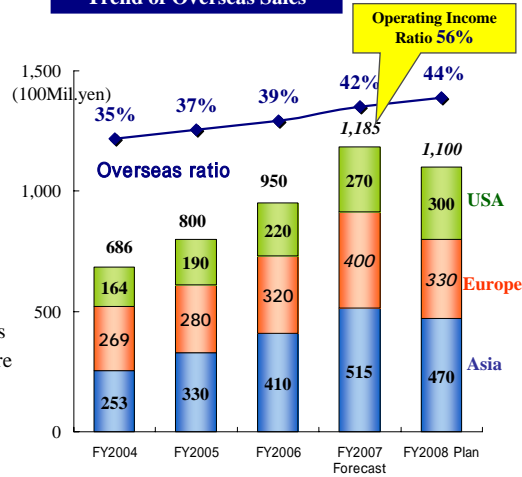
60th Anniversary

Strengthening the 3 Strategic Business Areas

- AT
 - Increasing Production Capacity
 - Reach full production in the U.S.A. interlayer film plant
 - Increasing the sales of high performance interlayer film.
- IT
 - Increasing the sale of Liquid-crystal chemicals and Optical film
 - Introduction of new products into market
- MD
 - Integration and acceleration of Medical Business
 - Changing the company name from Daiichi Pure Chemicals to "Sekisui Medical Co., Ltd." (as from April 2008)
 - Expanding the test-agent business

Expansion of Overseas Business

Trend of Overseas Sales



Revised upward from the Annual Plan

Opening up the new frontiers of growth

1. Overseas business is favorably expanding
2. Putting on the market the large-scaled new products.

Fire-resistant VP pipe, DV fittings, PhenovaBoard

Maintaining profitability

1. The PVC products for general purpose had a tough time influenced by the rising raw material price and the revised building code
2. CR is progressing by “Manufacturing Development Innovation”

(100 Mil. yen)

Portfolio			FY2007		FY2006		Changes	
			FH	Revised Annual Plan	FH	Annual	FH	Annual
Core	Water supply & drainage Building materials & Home-Techno	Sales	688	1,482	702	1,480	-15	2
		Op. Income	25	87	43	109	-19	-22
Growth	Environmental Civil Engineering	Sales	32	112	30	105	2	8
		Op. Income	-7	6	-7	3	0	3
Expansion	Plant Materials Composite Materials for Infrastructure	Sales	186	455	129	325	56	130
		Op. Income	18	50	9	39	9	10
Strengthening Bases	Aqua system Roofing materials	Sales	88	198	98	209	-10	-11
		Op. Income	-1	0	-4	-3	3	3

Accelerating further the exploitation of The Frontiers of Growth

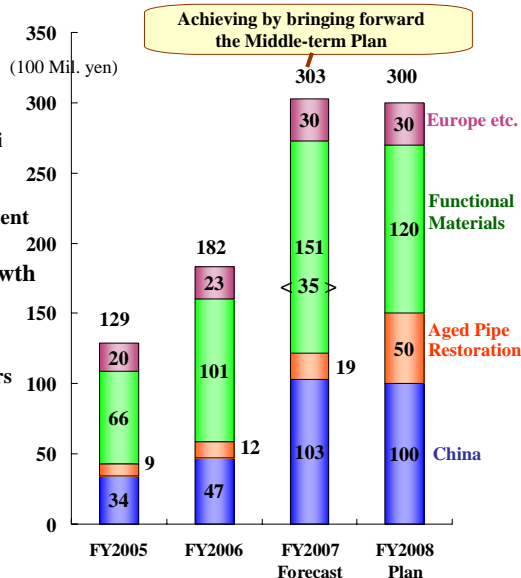
- **“Overseas Operations”:**
Accelerating the Global Development
 - 1) Expanding the present businesses
 - The extension of the plant-materials factory in Sekisui Industrial Piping Co. (Taiwan)
 - The prompt start-up of the FFU plant in Shanghai
 - Expansion of the sheet business in U.S.A.
 - 2) Making strategic moves for further growth
 - Aged pipe Restoration business : Early establishment of the sales and installation system.
- **“Domestic Operations”:** Shifting to the Growth Products and New Products
 - 1) Exploiting demand by the high-performance differentiated products
 - Fire-resistant VP pipe, Super-oriented rain gutters
 - 2) Making our way into new businesses
 - PhenovaBoard (Heat-insulation material), PFI Business

Establishing the profit-earning base

- Sure and steady response to the soaring raw material prices
- Further promotion of CR

Trend of Overseas Sales

<> Effect by Newly consolidated subsidiaries



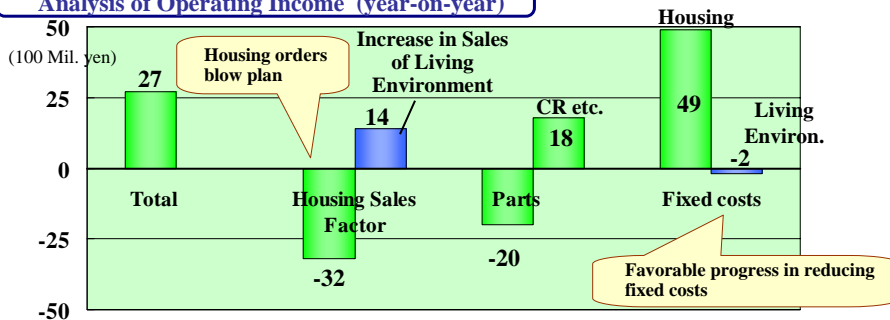
Increasing the order-taking for housing and Exploiting the Frontier of Growth

- The order-intake for FH 2007 was 93% in structure from the same period last year.
- Had a tough business in taking housing-orders in Tokyo and Osaka Areas
- The Sales in Fami-S in FH2007 was 102% from the same period last year
- Promoting the earliest addition of the shifted man-power to the sales force.

Exhaustive efforts for efficient management

- Moving to the wide-area sales system in Tokyo, Nagoya and Osaka.
- The reduction in indirect personnel are favorably progressing.
- Total no. of staff reduced by 220 persons (07/End Mar. → 07/End Sep.)
- The personnel shifting to Living Environment Business has not been attained.

**Prospect of Business for FY2007
Analysis of Operating Income (year-on-year)**



Measures for increasing Housing order-taking

Housing order intake in SH2007 is to be 102% of P.Y.

- Measures for increasing order-taking in Tokyo and Osaka areas**
 - Priority deployment of sale personnel to highly-efficient areas (Reconstruction, Houses built for sale, Apartments)
 - Intensively putting the specialized sales troops into the place of demands managed by the wide-area sales companies.
 - Tokyo: Sales Offices for the asset-utilization business
 - Kinki: Full-time sales for the houses built for sale with land
 - Expanding and Appealing our competitive advantages attained through the progress of high-performance housing.
 - Priority sales of "Parfait Master Design 2.0", the new model with the Zero-Utility-Costs.
 - Re-appealing the superiority in quake-resistance in the newly-specified model "GAIASS" (Positively utilizing the plant tours)
 - Introducing customers to the body-sensory experience to the "Warm Airy" with the differentiated specifications. (Exhibition places, The houses currently used, the places with a completed new house.)
 - Increasing the chance of advertisements such as TVCF
 - Arousing the demand for reconstruction in variety of tastes with "2X6 Grand Two U", Fiora, and Piache. (Open House)
- Positively increasing sales in other areas by expanding the superiority particular to the region**
 - Further promotion of the measures adapting ourselves to the regional markets

New model "Letoit 07" with LCC-advantage + enhanced management support
The stored land for sale = Increase by 100 structures compared with FH



Simultaneously nation-wide Warm-HEIM Sales Campaign

Establishing the system for increasing sales and income

■ **Reinforcing the sales system**

- 1) Human resource cultivation
- 2) Intensive implementation of Periodic Diagnosis

Fami-S sales staff to be increased by 75 persons
(Sep. 2007 → Mar. 2008)

■ **Expanding the sale of products and the development of new sales materials**

Increasing the sales of Ecochanté (Exterior tiled-wall)

More Efficient Management

■ **Accomplishing the efficient management system in Tokyo, Nagoya and Osaka**

- 1) Shifting personnel to Living Environment Business
- 2) Reorganization of Exhibition Places

Apr. 2007, 190 structures → Sep. 2007, 182 structures → Mar. 2008, 163 structures

- 3) Reduction of fixed cost in production companies and subsidiaries

200 persons to be reduced (End Sep. 2007 → End Mar. 2008)

**The Financial Results
for the First Half of FY 2007**

Naofumi Negishi

Senior Managing Director
General Manager of Corporate,
Accounting and Planning Dept.

No. of Consolidated Companies

	End of Sep. '07	End of Mar. '07	Changes
Consolidated Companies	132	147	+4 Newly consolidated +1 Separated -2 Excluded -18 Integration
Companies under Equity Method	8	8	

Influenced Amounts by the change of consolidation

(100 Mil. yen)

Sales Amount	+162	Daiichi Pure Chemicals +119 Watanabe Sansho +25 Allen +11
Operating Income	+6	Daiichi Pure Chemicals +5

Summary of Income & Loss

(100 Mil. yen)

	FH2007	FH2006	Changes
Sales	4,678	4,373	305
Gross Income of Sales	1,343	1,275	68
Gross Income Rate	28.7%	29.1%	-0.4%
Sales and Gen. & Admin. Expenses	1,164	1,083	82
Operating Income	179	192	-13
Investment Income/Loss under Equity Method	-5	4	-9
Other non-ope. Income/Loss	12	11	0
Recurring Income	185	207	-22
Extraordinary Income	236	-	236
Extraordinary Loss	110	31	79
Income before Tax	312	176	136
Corporate Income Tax etc.	131	80	51
Income for Minority Shareholders	1	2	-1
Net Income	179	94	85
Dividend (yen / share)	7	6	1

Sales and Operating Income by Company

(100 Mil. yen)

	FH2007		FH2006		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
Housing	2,108	62	2,121	72	-13	-10
UIEP	1,090	14	1,018	26	71	-12
HPP	1,373	116	1,124	99	249	16
Others	231	-12	245	-3	-14	-8
Eliminated or Not Attributed	-123	-2	-135	-2	12	1
Total	4,678	179	4,373	192	305	-13

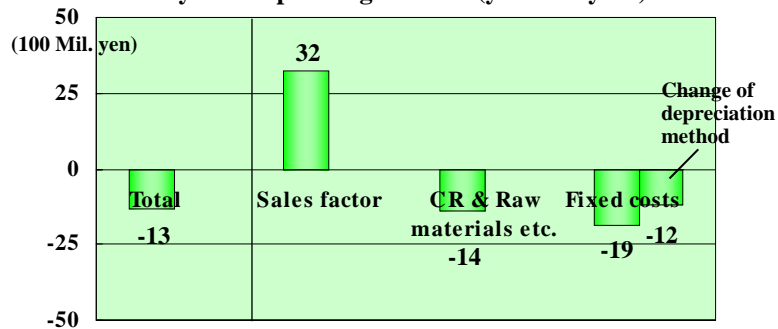
*UIEP : Urban Infrastructure & Environmental Products Company

*HPP : High Performance Plastics Company

(100 Mil. yen)

	FH2007		FH2006		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
Total Company	4,678	179	4,373	192	305	-13
					<i>*143</i>	<i>* -19</i>

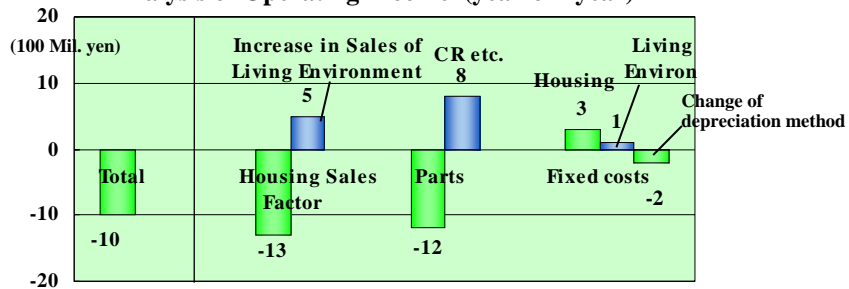
* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on-year)


(100 Mil. yen)

Housing	FH2007		FH2006		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
House Sales	1,653	51	1,667	68	-14	-17
Living Environment (incl. Fami-S)	455 (314)	11 (8)	454 (308)	4 (3)	2 (5)	6 (6)
Total	2,108	62	2,121	72	-13	-10

Analysis of Operating Income (year-on-year)

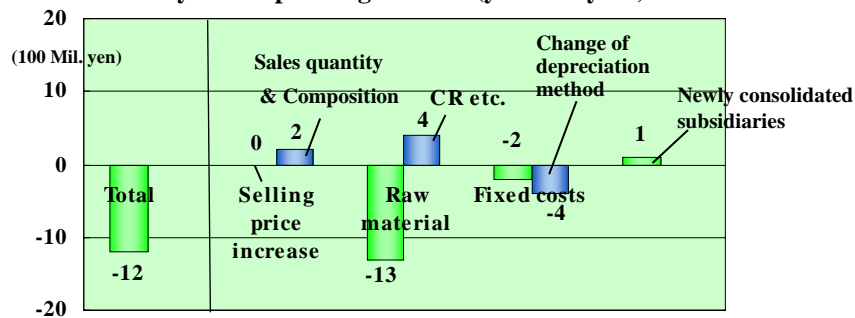


(100 Mil. yen)

	FH2007		FH2006		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
UIEP	1,090	14	1,018	26	71 * 36	-12 * -13

* Excluding the influence from Newly consolidated subsidiaries

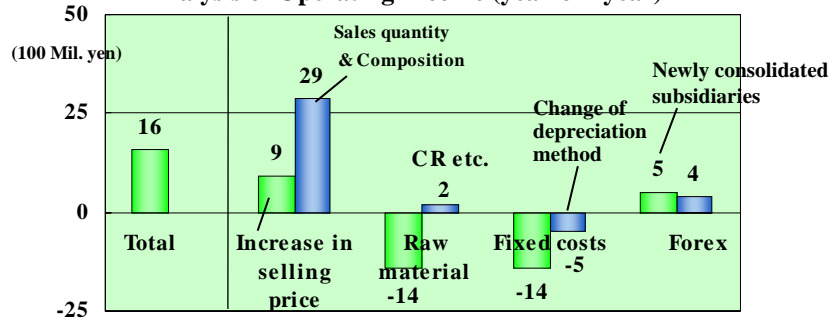
Analysis of Operating Income (year-on-year)



(100 Mil. yen)

	FH2007		FH2006		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
HPP	1,373	116	1,124	99	249 * 123	16 * 11

* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on- year)

Non-operating Income and Expense

(100 Mil. yen)

	FH2007	FH2006	Changes	Remarks on main changes
Income from Equity Method companies	-5	4	-9	
Financial Income and Expense	20	18	3	Received 4 (Sekisui House 1) Paid 1
Miscellaneous Income and Expense	-9	-7	-2	Misc. Income -4 Misc. Exp. -3
Total	7	15	-9	

Extraordinary Income and Loss

(100 Mil. yen)

	FH2007	FH2006	Changes
Income on sale of investment in securities	231	-	231
Income on transfer of business	5	-	5
Total of Extraordinary Income	236	-	236
Structural improvement expenses	69	10	59
Loss on revaluation of inventories (lower-of-cost-or-market method)	31	-	31
Impaired Fixed Assets	-	12	-12
Loss on sale and removal of fixed assets	10	9	1
Total of Extraordinary Loss	110	31	79
Total of Extraordinary Income and Loss	126	-31	157

Balance Sheet (Assets)

(100 Mil. yen)

	End Sep. 2007	End Mar. 2007	Changes
Cash & Deposit	348	261	87
Account Receivable	1,707	1,767	-60
Inventories	1,129	1,093	36
Other Current Assets	312	289	24
Tangible Fixed Assets	2,515	2,455	60
Intangible Fixed Assets	291	253	38
Investment in Securities	1,635	2,494	-859
Investment and Other Assets	212	180	32
Total Assets	8,150	8,792	-641

 Receipt of goods +159
 Depreciation -125
 Influence of Forex +29
 Newly consolidated +19
 Sellout and removal etc. -13

Goodwill +24

 Sellout of Sekisui House stocks -550
 Revalued at market price -303

 Deferred tax asset +50
 (Revalued at market price +48)

Balance Sheet (Liability & Net Asset)

(100 Mil. yen)

	End Sep. 2007	End Mar. 2007	Changes
No interest bearing liability	3,350	3,547	-197
Interest bearing liability	857	1,113	-256
Total Liability	4,207	4,660	-453
Capital etc.	2,094	2,094	-0
Earned surplus	1,513	1,377	136
Difference on revaluation of securities	249	574	-326
Minority share holdings	97	92	4
Other net assets	-10	-7	-3
Total Net Asset	3,943	4,131	-188
Total of Liability & Net Asset	8,150	8,792	-641

Deferred tax liability -161
 Sellout of Sekisui House stocks -98
 Revalued at market price -73

Net income +179
 Dividend paid -42

Sellout of Sekisui House stocks -145
 Revalued at market price -181

Consolidated Cash Flow

(100 Mil. yen)

	FH2007	FH2006
Cash Flow from Sales Activities	130	208
Cash Flow from Investment Activities	296	-212
Cash Flow from Financial Activities	-363	-22
Increment in Cash & Cash Equivalent	71	-26
Ending Balance of Cash & Cash Equivalent	347	422
Free Cash Flow =sales activity CF + investment activity CF - dividend paid	382	-38

Depreciation and Capital Expenditure

(100 Mil. yen)

	Depreciation			Capital Expenditure		
	FH2007	FH2006	Changes	FH2007	FH2006	Changes
Housing	27	26	1 (2)	32	29	3
UIEP	33	26	7 (4)	42	33	9
HPP	67	57	9 (5)	86	92	-6
Others	8	8	0 (1)	9	6	2
Eliminated or Not Attributed	3	4	-1 (0)	2	4	-2
Total	138	121	17 (12)	170	165	6

* () : the amount influenced by the change of depreciation method

(100 Mil. yen)

	FY2007	FY2006	Changes
Sales	9,700	9,262	438
Gross Income of Sales	2,848	2,697	151
Sales Income Rate	29.4%	29.1%	0.2%
Sales and Gen. & Admin. Expenses	2,348	2,245	103
Operating Income	500	452	48
Income/Loss from investment in Equity Method companies	6	14	-8
Other Non-operating income/Expense	-1	3	-4
Recurring Income	505	469	36
Extraordinary Income	236	-	236
Extraordinary Loss	161	81	80
Income before tax	580	389	191
Corporate income tax etc.	228	127	101
Income for minority shareholders	6	6	-0
Net Income	345	255	90
Dividend (yen/share)	15	14	1

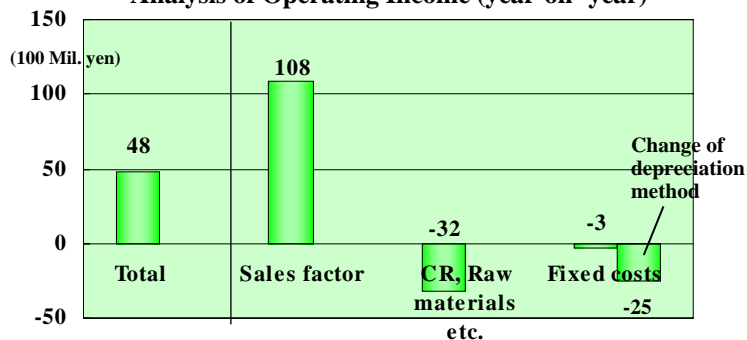
Sales and Operating Income by Company

(100 Mil. yen)

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UIEP	2,400	100	2,265	113	135	-13
HPP	2,800	250	2,455	207	345	43
Others	490	-20	497	-9	-7	-11
Eliminated or Not Attributed	-300	-	-259	-3	-41	3
Total	9,700	500	9,262	452	438	48

(100 Mil. yen)

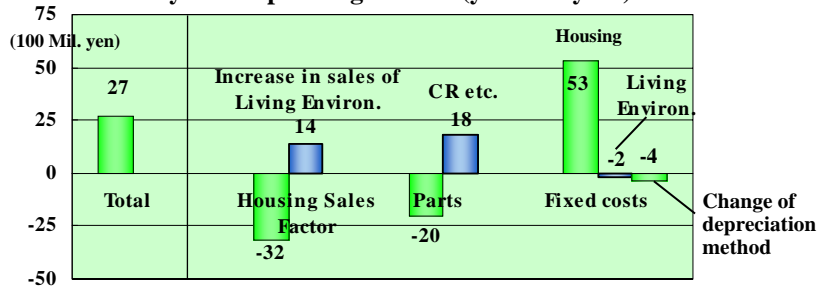
	FY2007 Plan		FY2006 Actual		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
Total Company	9,700	500	9,262	452	438	48
					<i>* 216</i>	<i>* 40</i>

** Excluding the influence from Newly consolidated subsidiaries*
Analysis of Operating Income (year-on-year)


(100 Mil. yen)

Housing	FY2007 Plan		FY2006 Actual		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
House Sales	3,364	147	3,397	133	-33	14
Living Environment (incl. Fami-S)	946 (645)	23 (15)	907 (618)	10 (7)	39 (28)	13 (8)
Total	4,310	170	4,305	143	5	27

Analysis of Operating Income (year-on- year)

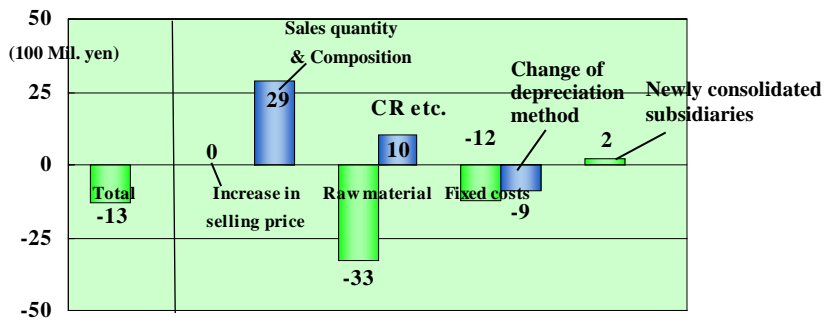


(100 Mil. yen)

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Analysis of Operating Income (year-on- year)

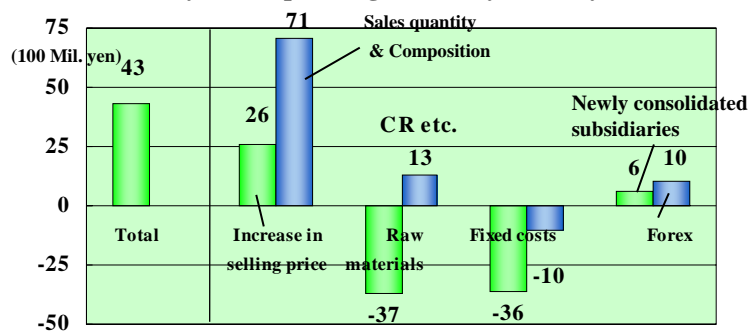


(100 Mil. yen)

	FY2007 Plan		FY2006 Actual		Changes	
	Sales	Ope. Inc.	Sales	Ope. Inc.	Sales	Ope. Inc.
HPP	2,800	250	2,455	207	345 * 210	43 * 37

* Excluding the influence from Newly consolidated subsidiaries

Analysis of Operating Income (year-on- year)



(100 Mil. yen)

	FY2007	FY2006	Changes
Depreciation	300 (25)	260	40
Capital Expenditure	350	363	-13
Research & Development Expenses	260	245	15

* (): the amount influenced by the change of depreciation method.

(100 Mil. yen)

	FY2007 Revised Plan	FY2006 Actual	Changes	FY2007 Previous Plan
Sales	9,700	9,262	438	9,800
Operating Income	500	452	48	550
Recurring Income	505	469	36	565
Net Income	345	255	90	400

Disclaimer: This presentation may contain forward-looking statements. Such forward-looking statements are based on current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements due to changes in global economic, business, competitive market and regulatory factors.

Housing Company Results and Plan

1. Main Data in Housing Business

	FY2007			FY2006			FY2005	
	FH	SH Plan	Annual Plan	FH	SH	Annual	Annual	
Consolidated	Sales(in 100 Million yen)	2,108	2,202	4,310	2,121	2,184	4,305	4,276
	Housing	1,653	1,711	3,364	1,667	1,730	3,397	3,477
	Houses	1,580	1,634	3,214	1,604	1,657	3,261	3,367
	Land	73	77	150	63	73	136	110
	Living Environment	455	491	946	454	454	907	799
	Refurbishing	314	332	645	308	309	618	536
	Interior-Exterior	30	28	57	29	29	58	58
Real Estate	112	131	243	116	116	232	205	
Others	1.Number of houses sold (unit)	6,900	7,750	14,650	7,050	7,950	15,000	15,850
	Detached houses	5,000	5,350	10,350	5,320	5,500	10,820	11,580
	Heim	4,000	4,300	8,300	4,220	4,250	8,470	8,690
	Two-U	1,000	1,050	2,050	1,100	1,250	2,350	2,890
	Apartment	1,900	2,400	4,300	1,730	2,450	4,180	4,270
	2.Main data							
	Price<Sales subsidiaries:Detached Ho.>(unit>(Mil.yen)	29.3	-	-	29.2	29.8	29.5	29.2
	Price<Sales subsidiaries:Detached Ho.>/Tsubo(3.3m2) (10 thou.yen)	73.5	-	-	70.6	73.0	71.6	70.3
	Floor Space(m)	131.6	-	-	136.4	134.8	135.9	137.1
	Exhibition places(Unit:structure)	455	-	435	474	-	465	474
Sales staff (No. of person)	2,536	-	2,460	2,505	-	2,419	2,467	
Replacement ratio(%)	36	38	37	38	37	37	39	
Referral sales ratio(%)	35	36	36	36	33	34	34	

* Replacement ratio and Referral sales ratio are based on the receipt of orders.

2. Housing order intake

(Millions of yen)

	FY2007 Plan			FY2006			FY2005		
	FH	SH Plan	Annual Plan	FH	SH	Annual	FH	SH	Annual
Backlog at beginning	150,000	144,300	-	151,500	156,700	-	169,900	153,300	-
Growth rate	-1%	-8%	-	-11%	2%	-	5%	-8%	-
New orders	186,646	200,028	386,674	199,356	192,829	392,184	184,875	192,827	377,701
Growth rate	-6%	+4%	-1%	8%	0%	+4%	-8%	-6%	-7%
Sales of houses	192,346	199,328	391,674	194,156	199,529	393,684	201,475	194,627	396,101
Growth rate	-1%	-0%	-0%	-4%	+3%	-1%	3%	-4%	-1%
Balance at the end	144,300	145,000	-	156,700	150,000	-	153,300	151,500	-
Growth rate	-8%	-3%	-	2%	-1%	-	-8%	-11%	-

3. Housing starts

(in units)

	FY2007			FY2006			FY2005
	FH	SH Plan	Annual Plan	FH	SH	Annual	Annual
Housing starts	570,000	615,000	1,185,000	664,521	620,725	1,285,246	1,249,366
Privately-owned houses (included in above (=A))	165,000	170,000	335,000	197,460	159,097	356,557	352,577
Sales by our company	6,900	7,750	14,650	7,050	7,950	15,000	15,850
Detached house sales by our co.=B	5,000	5,350	10,350	5,320	5,500	10,820	11,580
Our share in Detached houses=B/A	3.0%	3.1%	3.1%	2.7%	3.5%	3.0%	3.3%

*The housing starts in FH of FY2007 and the above "Detached house sales" are based on a prospect.

4. Order intake of houses with additional specifications

	FY2007			FY2006			FY2005
	FH	SH Plan	Annual Plan	FH	SH	Annual	Annual
photovoltaic generation systems	43%	47%	45%	53%	48%	51%	52%
Special walling tiles (Heim type JX)	55%	55%	55%	54%	54%	55%	54%
Totally electrified model	87%	87%	87%	86%	88%	87%	84%
Warm Airy	46%	58%	52%	39%	55%	49%	13%