

Summary of Financial Results for the First Quarter of Fiscal Year 2008 Ending March 31, 2009

July 31, 2008

Company Name: Sekisui Chemical Co., Ltd.
 Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange
 Code Number: 4204
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 Scheduled date for submission of financial statement: August 12, 2008

(Figures rounded down to the nearest million yen)

1. Consolidated Business Results for the First Quarter (April 1, 2008 to June 30, 2008)

(1) Consolidated Business Results (% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1st Q of FY2008	205,199	-	-377	-	441	-	-3,478	-
1st Q of FY2007	203,256	9.9	-878	-	-636	-	6,666	-

	Net Income per Share	Net Income per Share (Diluted)
	yen	yen
1st Q of FY2008	-6.62	-
1st Q of FY2007	12.59	12.58

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	yen
1st Q of FY2008	796,718	356,932	43.6	661.38
FY2007	782,859	368,919	45.8	683.11

(Note)Shareholders' Equity June 30, 2008: 347,539million yen March 31, 2008: 358,917million yen

2. Dividend Status

(Date of Record)	Dividend Per Share				
	At the end of 1st Q, FY2008	At Midterm	At the end of 3rd Q, FY2008	Year-end	Full year
	yen	yen	yen	yen	yen
FY2007	-	7.00	-	8.00	15.00
FY2008	-	-	-	-	-
FY2008 (outlook)	-	7.00	-	8.00	15.00

(Note)Revision of dividend estimates in the first quarter: No

3. Consolidated Outlook for FY 2008 (Apr 1, 2008-March 31, 2009)

(% change from the previous year)

	Net Sales		Operating Income		Recurring Income		Net Income		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Mid Term	468,000	-	19,000	-	19,000	-	8,000	-	15.22
Full Year	989,000	3.2	54,000	25.6	53,000	37.5	27,000	11.1	51.38

(Note)Revision of consolidated earnings estimates in the first quarter: No

4. 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 or specialized methods for quarterly consolidated financial statements: Yes

Note: Please see “4. Other” in the Qualitative Information and Financial Statements (page5) for further details

(3) Changes in accounting principles, methods or reporting methods affecting the production of the consolidated financial statement (fundamental changes in main reported item for the production of the consolidated financial statement)

a) Changes caused by revisions to accounting principles: Yes

b) Changes other than a): Yes

Note: Please see “4. Other” in the Qualitative Information and Financial Statements (page5) for further details

(4) Number of shares outstanding (common stock)

a) Number of shares outstanding at the end of term (including treasury stock)	1st Q of FY2008	539,507,285 shares
	FY2007	539,507,285 shares
b) Treasury stock at the end of term	1st Q of FY2008	14,031,095 shares
	FY2007	14,088,433 shares
c) Average outstanding shares in the period (quarterly consolidated cumulative total):	1st Q of FY2008	525,426,116 shares
	1st Q of FY2007	529,431,314 shares

Note: An explanation the application of these changes to the results forecasts is presented in the section on Other Items.

1. The Company’s consolidated forecast figures for the first half and full fiscal year remains unchanged from the announcement April 28, 2008.
2. Forecasts and other forward-looking statements appearing in this report are based on company judgements formed from available information. Changing conditions in a variety of areas may cause substantial differences in the actual results. For a discussion of the assumptions and relevant notes, please see the Consolidated Earnings Forecast section of the Consolidated Financial Position report on page 5.
3. Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The quarterly consolidated financial statements are prepared in line with the Accounting Principles for Quarterly Financial Statements.

(Qualitative Information and Financial Statements)

1. Consolidated Business Results

1) Overview of Conditions in the First Quarter, Fiscal 2008 (April 1, 2008, to June 30, 2008)

Sekisui Chemical raised net sales and operating income in the first quarter of fiscal 2008 on steady sales growth overseas and in the automotive, IT, and medical strategic growth fields. Results were also boosted by the company's diligent response to the soaring raw materials prices and the improved operating efficiency of the housing business after the restructuring in the previous fiscal year.

The company continued aggressive strategic investments, including M&A, to further accelerate business expansion and the development of the growth frontiers in the steadily expanding overseas and growth businesses.

2) Business Results by Company

Housing

While the housing market as whole remained sluggish, the company posted solid figures for both order unit volume and value with demand spurred partly by consumer anticipation of rising interest rates and raw material prices and also by the company's lineup of highly differentiated high-performance products, such as our housing units with photovoltaic generation systems. Introductions of products catered to first-time buyers increased order unit volume in the price-volume zone. However, overall sales declined year on year from the tight market for orders in the previous year.

In the living environment business, orders rose sharply as a result of a fortified operating system for the house refurbishing business along with increased staff education and training to promote expansion of core product sales.

The extensive sales network restructuring carried out last fiscal year and other measures improved the operating efficiency of the Housing Company and supported an overall increase in profits despite the decline in sales.

Urban Infrastructure and Environmental Products

The UIEP Company increased sales of contributions overseas businesses and newly consolidated companies, but sales of PVC pipes and other core products in Japan declined in line with the reduced number of housing construction starts after the revision to the Building Standard Law and ultimately held profits below year earlier levels.

In Japan, the company effectively transferred the high raw material prices into its PVC pipes and core PVC products in April.

Overseas business remained brisk and included large-project orders to the reinforced

plastic pipe business. To fortify our foundation for further growth, we acquired Chevalier Pipe Technologies, (CPT) G.m.b.H. of Germany to provide a business base in Europe for the pipe restoration business and established the joint venture company LCC Sumi-Lon in Russia as a base for the reinforced plastic pipe business.

High Performance Plastics

The HPP Company continued posting solid results in the strategic growth fields and boosted sales during the term. Operating income, however, remained essentially flat year on year under the impacts of the high raw material prices and foreign currency market conditions.

In the automotive field, sales continued robust for interlayer films for glass with a strong contribution coming from high-performance sound control interlayer films after the establishment in Europe of a unified production system covering the complete production process from raw materials to final product. The company also decided to expand production capacity of its production lines in China and Japan.

In the IT field, sales grew for sealant materials for LCD panels and optical film products.

In the medical field, Sekisui Medical Co., Ltd., which resulted from the merger with Daiichi Pure Chemicals, Co., Ltd., successfully commenced operations in April 2008. The HPP Company also took concrete measures to establish its presence in overseas markets and in the pharmacokinetic business, acquired XenoTech, LLC. of the United States, a leading company in the in vitro metabolism field. (In vitro metabolism is evaluation testing of reactions to chemical compound by humans or animals to determine whether the recipient is a candidate for a specific drug.)

2. Consolidated Financial Position

1) Financial Position

At the end of the first quarter of fiscal 2008, total assets amounted to ¥796.7 billion, representing an increase of ¥13.8 billion from the end of the previous fiscal year. Current assets increased ¥10.3 billion as rises in cash and time deposits, inventory assets, including housing work in progress, and other accounts were greater than the decline in notes and accounts receivable. Fixed assets increased ¥3.5 billion.

Liabilities increased ¥25.8 billion to ¥439.7 billion from the end of fiscal year 2007 largely due to a rise in interest-bearing debt, which includes lease obligations.

Net assets declined ¥11.9 billion to ¥356.9 billion from the end of fiscal year 2007 from declines in retained earnings after deducting dividends and other payments and in valuation and translation adjustments. Equity after deducting minority interest from net assets amounted to ¥347.5 billion. The equity ratio was 43.6%.

2) Cash Flow

Net cash provided by operating activities decreased to ¥7.5 billion yen. The Company recorded a ¥1.7 billion loss in income before income taxes and minority interests while depreciation and amortization rose ¥8.7 billion. Income taxes paid amounted to ¥10.4 billion.

Net cash used by investing activities decreased to ¥4.2 billion. The decline was primarily due to ¥6.5 billion used to acquire tangible fixed assets focused on strategic areas and growth fields.

Net cash provided by financing activities increased to ¥20.4 billion. Dividend payments amounted to ¥4.2 billion while interest-bearing liabilities increased a net ¥24.6 billion.

The result was cash and cash equivalents totaling ¥37.6 billion at the end of the first quarter.

3. Consolidated Earnings Forecast

We anticipate a severe business environment going forward owing primarily to expectations of ongoing steep rises in raw material prices and unfavorable foreign economic environments both overseas and in Japan.

In our domestic demand-led core businesses, we will continue to realign our management resources to our growth fields and to reorganize our operating structure to emphasize high earning business areas. To sustain and foster the strong results in our overseas and strategic business fields, we plan to continue our aggressive strategic investment and other activities to establish our presence in our growth frontiers.

The forecast figures remain unchanged from those announced on April 28, 2008.

4. Other

1) Significant changes in subsidiaries during the term (changes in specific subsidiaries involving changes in the scope of consolidation)

No significant changes in subsidiaries during the term under review.

2) Application of simplified accounting methods and special accounting methods in the preparation of the consolidated financial statement for the first quarter

Special accounting methods have been applied in the preparation of the consolidated financial statement for the first quarter.

The tax rate used in the consolidated financial statement for the current fiscal year including the quarter under review is a reasonable estimate based on the estimated effective tax rate after applying tax effect accounting to income before income taxes and minority interests for the full year and for the quarter under review.

Deferred income taxes are included in the income tax amount.

3) Changes in accounting principles, methods or reporting methods affecting the production of the consolidated financial statement

Change in accounting standards

Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (“ASBJ”) Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The quarterly consolidated financial statements are prepared in line with the Accounting Principles for Quarterly Financial Statements.

a) Changes caused by revisions to accounting principles

Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the Practical Issues Task Force (PITF) No. 18 Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (issued May 17, 2006) and have made necessary adjustments in the consolidation financial statements.

These revisions had a minimal effect on the consolidated financial statements and segment information.

b) Other Changes

Regarding title transfer of finance lease transactions, the Company had previously followed accounting practices based the rental transactions accounting methods. Effective the year ending March 31, 2009, the Company is utilizing the Accounting Standard for Lease Transactions (Statement No.13) and the Guidance on Accounting Standard for Lease Transactions (Guidance No.16) and common sales transaction accounting practices. These changes had the effect of increasing operating income by ¥90 million, ordinary income by ¥38 million, and income before income taxes and minority interests by ¥26 million in the quarter under review.

These revisions had a minimal effect on the segment information.

5. Consolidated Financial Statement (First Quarter, Fiscal Year 2008)

(1) Consolidated Balance Sheets

	(Millions of Yen)	
	End First Quarter, Fiscal 2008	End Fiscal Year 2007, Condensed Consolidated Balance Sheet
	As of June 30, 2008	As of March 31, 2008
(Assets)		
Current Assets		
Cash and deposits	38,003	30,280
Trade notes receivable	53,627	55,515
Accounts receivable	101,840	112,929
Securities	15	29
Product inventories	46,028	41,595
Raw materials	18,008	17,811
Work in progress	39,139	30,974
Subdivision land	24,076	24,355
Other inventories	1,251	1,481
Advances	1,795	2,214
Prepaid expenses	2,634	2,057
Deferred tax assets	11,839	11,410
Short-term loans	1,400	897
Other	14,344	12,252
Allowance for doubtful accounts	-1,230	-1,356
Total current assets	352,775	342,450
Fixed assets		
Tangible fixed assets		
Buildings & structures, net	86,648	89,137
Machinery, equipment and tools, net	67,711	69,731
Land	68,171	68,880
Leased assets (net value)	11,535	-
Construction in progress	6,836	7,450
Other (net)	7,815	8,266
(Total tangible fixed assets)	248,719	243,466
Intangible fixed assets		
Goodwill	20,018	20,176
Software	4,278	4,244
Leased assets	306	-
Other	2,364	3,016
(Total intangible assets)	26,969	27,437
Investments and other assets		
Investment securities	134,883	133,172
Long-term loans	1,163	1,006
Long-term prepaid expenses	1,371	1,440
Deferred income taxes	21,253	23,929
Other	10,893	11,278
Allowance for doubtful accounts	-1,311	-1,320
(Total investment and other assets)	168,254	169,506
Total fixed assets	443,943	440,409
Total assets	796,718	782,859

(Millions of Yen)

	End First Quarter, Fiscal 2008	End Fiscal Year 2007, Condensed Consolidated Balance Sheet
	As of June 30, 2008	As of March 31, 2008
(Liabilities)		
Current liabilities		
Trade notes payable	14,191	14,141
Accounts payable	116,233	118,937
Short-term loans	56,403	34,478
Commercial paper	5,000	-
Lease obligation	5,262	-
Accrued expenses	24,053	30,200
Accrued income taxes	2,685	11,661
Deferred tax liabilities	186	258
Provision for bonuses	9,418	13,009
Provision for directors' bonuses	-	299
Provision for compensation for completed constructions	1,029	996
Advances received	44,879	34,139
Other	36,697	34,613
Total current liabilities	316,041	292,736
Fixed liabilities		
Bonds	15,505	15,608
Long-term loans	40,299	42,011
Lease obligation	6,947	-
Deferred tax liabilities	2,740	2,655
Provision for retirement allowances	52,734	54,575
Other	5,517	6,353
Total fixed liabilities	123,744	121,203
Total liabilities	439,786	413,940
(Net assets)		
Shareholders' equity		
Common stock	100,002	100,002
Capital surplus	109,345	109,367
Retained earnings	146,362	154,073
Treasury stock	-10,798	-10,844
Total shareholders' equity	344,911	352,599
Revaluation and translation adjustments		
Unrealized holding gain on securities	3,076	-933
Unrealized gain on land revaluation	217	217
Foreign currency translation adjustments	-667	7,033
Total revaluation and translation adjustments	2,627	6,317
Share subscription rights	284	237
Minority shareholders' interests	9,108	9,764
Total net assets	356,932	368,919
Total liabilities, net assets	796,718	782,859

(2) Consolidated Profit and Loss Statement
(First Quarter, Fiscal Year 2008)

(Millions of Yen)

	First Quarter, Fiscal 2008 (From April.1, 2008 to June. 30, 2008)
Net sales	205,199
Cost of sales	149,887
Gross income	55,311
Selling, general & administrative expenses	55,688
Operating loss	-377
Non-operating income	
Interest income	295
Dividend income	1,114
Investment income by equity method	59
Foreign exchange gain (net)	822
Miscellaneous income	546
Total non-operating income	2,837
Non-operating expenses	
Interest expenses	523
Interest on Commercial Paper	5
Sales discounts	79
Miscellaneous expenses	1,409
Total non-operating expenses	2,018
Recurring income	441
Extraordinary expenses	
Structural improvement expenses	2,025
Loss on sales or disposal of property, plant and equipment	157
Total extraordinary expenses	2,183
Income (loss) before income taxes and minority interests	-1,741
Income taxes	1,559
Minority interests	177
Net income/loss	-3,478

(3) Consolidated Statements of Cash Flows

(Millions of Yen)

First Quarter, Fiscal 2008
(From April 1, 2008
to June 30, 2008)

Operating activities	
Income (loss) before income taxes and minority interests	-1,741
Depreciation and amortization	8,756
Goodwill amortization	509
Loss on sales or disposal of property, plant and equipment	153
Loss on sales of marketable and investment securities	127
Decrease in reserve for bonuses	-3,552
Decrease in allowance for retirement benefits	-1,719
Interest and dividend income	-1,409
Interest expense	608
Equity in earnings of affiliates	-59
Decrease in accounts receivable	10,366
Increase in inventories	-13,923
Decrease in account payable	-6,677
Decrease in consumption tax	-1,738
Increase in advances received	10,751
Other	1,262
Subtotal	1,713
Interest and dividends received	1,713
Interest paid	-579
Income taxes paid	-10,418
Net cash (used in) provided by operating activities	-7,571
Investing activities	
Purchases of property, plant and equipment	-6,550
Proceeds from sales of property, plant and equipment	422
Purchases of investment securities	-1,965
Proceeds from sales or redemption of investment securities	4,830
Purchases of intangible assets	-397
Purchases of long-term prepaid expenses	-160
Increase in short-term loans, net	-692
Purchases of long-term loans	-163
Proceeds from recovery of long-term loans	31
Other	377
Net cash (used in) provided by investing activities	-4,268
Financing activities	
Proceeds from short-term loans	20,655
Payment for return of finance leases	-1,528
Net increase in commercial paper	5,000
Proceeds from long-term loans	1,331
Repayment of long-term loans	-781
Dividends paid	-4,164
Cash dividends paid to minority shareholders of consolidated subsidiaries	-56
Purchase of treasury stock	-10
Other	-27
Net cash used in financing activities	20,418
Effect of exchange rate changes on cash and cash equivalents	-1,168
Net increase in cash and cash equivalents	7,410
Cash and cash equivalents at beginning of term	29,852
Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	369
Cash and cash equivalents at end of term	37,632

Sekisui Chemical (4204) Summary of Financial Results for the First Quarter of Fiscal Year 2008 Ending March 31, 2009

Effective the year ending March 31, 2009, the Company and its domestic consolidated subsidiaries have adopted the "Accounting Standard for Quarterly Financial Reporting" (Accounting Standards Board of Japan ("ASBJ") Statement No. 12) and "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 14). The quarterly consolidated financial statements are prepared in line with the accounting principles for quarterly financial statements.

(4) Notes on Conditions for Going Concern

Not applicable.

(5) Segment Information

Business segments

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 30, 2008)

(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	83,223	44,920	67,261	9,793	205,199	-	205,199
(2)Intersegment	9	2,669	1,712	928	5,320	(5,320)	-
Total	83,232	47,590	68,974	10,721	210,519	(5,320)	205,199
Operating income (loss)	-2,908	-1,745	4,732	-439	-360	(16)	-377

Geographical Segments

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 30, 2008)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	Total	Eliminations or unallocatable accounts	Consolidated
I. Net sales:								
(1)To third parties	172,032	8,671	11,601	11,853	1,040	205,199	-	205,199
(2)Intersegment	7,311	325	75	730	15	8,457	(8,457)	-
Total	179,344	8,997	11,676	12,583	1,055	213,657	(8,457)	205,199
Operating income (loss)	-2,586	264	1,233	589	70	-428	51	-377

Overseas net sales

Consolidated First Quarter, Fiscal 2008 (April 1, 2008 to June 30, 2008)

	U.S.	Europe	Asia	Others	Total
I.Overseas net sales (millions of yen)	9,793	12,704	15,217	1,131	38,846
II.Consolidated net sales (millions of yen)					205,199
III.Overseas net sales as a ratio of consolidated net sales (%)	4.8	6.2	7.4	0.6	18.9

(6) Significant Change in Shareholder Equity

No significant change.

Reference Materials

Financial Statement for First Quarter, Fiscal 2007

(1) Consolidated Profit and Loss Statement

First Quarter, Fiscal 2007 (April, 1, 2007 to June, 30, 2007)

(Millions of Yen)

Item	Quarterly Result First Quarter, Fiscal 2007		
	Amount		%
I. Net sales		203,256	100.0
II. Cost of sales		145,277	71.5
Gross income		57,978	28.5
III. Selling, general & administrative expenses		58,857	29.0
Operating loss		-878	-0.4
IV. Non-operating income			
1. Interest income	279		
2. Dividend income	1,511		
3. Miscellaneous income	789	2,579	1.3
V. Non-operating expenses			
1. Interest expenses	500		
2. Discount on Commercial Paper	12		
3. Sales discounts	76		
4. Investment loss by equity method	634		
5. Miscellaneous expenses	1,113	2,337	1.1
Recurring loss		-636	-0.3
VI. Extraordinary income			
1. Gain on change in equity	22,488		
2. Proceeds from business transfer	478	22,966	11.3
VII. Extraordinary expenses			
1. Structural improvement expenses	4,263		
2. Loss on revaluation of inventories	3,069		
3. Loss on sales or disposal of property, plant and equipment	250	7,583	3.7
Income before income taxes and minority interests		14,746	7.3
Income taxes	8,131	8,131	4.0
Minority interests		-51	-0.0
Net income		6,666	3.3

(2) Consolidated Statements of Cash Flows

Financial Statement for First Quarter, Fiscal 2007 (April, 1, 2007 to June, 30, 2007)

(Millions of Yen)

	Quarterly Result First Quarter, Fiscal 2007
I. Operating activities	
1. Income before income taxes and minority interests	14,746
2. Depreciation and amortization	6,783
3. Gain on change in equity	-22,487
4. Loss on sales or disposal of property, plant and equipment	250
5. Decrease in reserve for bonuses	-2,650
6. Decrease in allowance for retirement benefits	-1,440
7. Interest and dividend income	-1,790
8. Interest expense	588
9. Equity in earnings of affiliates	634
10. Decrease in accounts receivable	13,668
11. Increase in inventories	-10,517
12. Decrease in account payable	-8,947
13. Decrease in consumption tax	-1,510
14. Increase in advances received	7,883
15. Other	-472
Subtotal	-5,263
16. Interest and dividends received	2,147
17. Interest paid	-635
18. Income taxes paid	-11,679
Net cash (used in) provided by operating activities (1)	-15,431
II. Investing activities	
1. Purchases of property, plant and equipment	-9,099
2. Proceeds from sales of property, plant and equipment	95
3. Purchases of investment securities	-240
4. Proceeds from sales or redemption of investment securities	53,263
5. Purchases of intangible assets and long-term prepaid expenses	-462
6. Increase in short-term loans, net	-197
7. Purchases of long-term loans	-6
8. Proceeds from recovery of long-term loans	8
9. Other	-21
Net cash (used in) provided by investing activities (2)	43,340
III. Financing activities	
1. Increase in short-term debt, net	10,176
2. Net decrease in commercial paper	-3,000
3. Proceeds from long-term loans	8,931
4. Repayment of long-term loans	-18,390
5. Repayment of bonds	-10,000
6. Dividends paid	-4,249
7. Cash dividends paid to minority shareholders of consolidated subsidiaries	-128
8. Purchase of treasury stock	-4,199
9. Other	326
Net cash used in financing activities (3)	-20,533
IV. Effect of exchange rate changes on cash and cash equivalents(4)	77
V. Net increase in cash and cash equivalents (1)+(2)+(3)+(4)	7,453
VI. Cash and cash equivalents at beginning of term	25,968
VII. Increase in cash and cash equivalents resulting from additional consolidation of subsidiaries	1,684
VIII. Decrease in cash and cash equivalents due to exclusion in consolidation of subsidiaries	-20
IX. Cash and cash equivalents at end of term	35,085

Sekisui Chemical (4204) Summary of Financial Results for the First Quarter of Fiscal Year 2008 Ending March 31, 2009

(3)Segment Information

Business segments

First Quarter, Fiscal 2007 (April 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 (loss)	-3,800	-1,057	4,706	-696	-848	(30)	-878

Change in Accounting Methods

1) Change to the Valuation Standard and Valuation Method for Inventory Assets

The application of a revised valuation standard and valuation method for inventory assets resulted in declines in inventory asset value of ¥1,016 million for the Housing Company, ¥1,667 million for the Urban Infrastructure & Environmental Products Company, ¥563 million for the High Performance Plastics Company, and ¥116 million for Others.

2) Change in the Depreciation Method for Property, Plant and Equipment

The application of a revised depreciation method for property, plant and equipment resulted in declines in depreciation value of ¥77 million for the Housing Company, ¥213 million for the Urban Infrastructure & Environmental Products Company, ¥203 million for the High Performance Plastics Company, ¥34 million for Others, and ¥3 million in eliminations or unallocable accounts.

Geographical Segments

First Quarter, Fiscal 2007 (April 1, 2007 to June 30, 2007)

(Millions of Yen)

	Japan	U.S.	Europe	Asia	Others	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 (loss)	-2,687	799	798	475	64	-548	(329)	-878

Change in Accounting Methods

1) Change to the Valuation Standard and Valuation Method for Inventory Assets

The application of a revised valuation standard and valuation method for inventory assets resulted in a decline in inventory asset value in Japan of ¥3,364 million compared with the previously used method.

2) Change in the Depreciation Method for Property, Plant and Equipment

The application of a revised depreciation method for property, plant and equipment resulted in a decline in depreciation value in Japan of ¥533 million compared with the previously used method.

Overseas net sales

First Quarter, Fiscal 2007 (April 1, 2007 to June 30, 2007)

	U.S.	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