



MEMBERSHIP

August 4, 2006

Summary of Consolidated Business Results for First Quarter of Fiscal Year Ending March 31, 2007

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 Shares listed on: First Section of Tokyo Stock Exchange, Fukuoka Stock Exchange
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I. Notes Related to the Preparation of This Summary

1. Use of simplified accounting methods: Yes
(Partially used for calculation of income tax and other taxes)
2. Change in accounting methods from the previous consolidated fiscal year: None
3. Change in the scope of consolidation and application of equity method: Yes
 Consolidated subsidiaries: One subsidiary newly excluded.
 Equity method: One subsidiary newly added, and one subsidiary newly excluded.

II. Summary of Business Results for the First Quarter of Fiscal Year Ending March 31, 2007 (April 1, - June 30, 2006)

1 Consolidated Operating Results

(In millions of yen - rounded down, except per share data)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Amount	Year-on-year Change	Amount	Year-on-year Change	Amount	Year-on-year Change	Amount	Year-on-year Change
1Q ended June 30, 2006	151,659	+13.3%	6,111	-6.0%	5,540	-10.2%	3,209	+4.6%
1Q ended June 30, 2005	133,890	+1.2%	6,499	+125.7%	6,166	+934.6%	3,069	-
Reference: Previous fiscal year ended March 31, 2006	595,391	+5.8%	42,169	+30.5%	33,254	+40.7%	16,006	+73.5%

	Net Income per Share (Yen)	Diluted Net Income per Share (Yen)
1Q ended June 30, 2006	3.19	3.04
1Q ended June 30, 2005	3.27	2.97
Reference: Previous fiscal year ended March 31, 2006	16.83	15.93

2. Qualitative Information Concerning Consolidated Business Performance

As to the business environment during the first quarter under review, although demand was solid on the back of continued favorable economies in Asia and Japan, strong negative impulses came to bear on the cost side from surging crude oil and naphtha prices, combined with coal prices hovering at a high level. Amid these conditions, the Company's net sales posted strong gains on the year, but operating income and ordinary income fell, with net income just slightly higher than in the same period last year.

Net sales increased significantly, by ¥17.7 billion, or 13.3% year-on-year, to ¥151.6 billion, reflecting growth mainly from volume effects across all segments, except for the Energy and Environment segment. Operating income fell ¥300 million, or 6.0% year-on-year, to ¥6.1 billion, as cost increases from high prices of raw materials and fuel could not sufficiently be passed on through selling prices, outweighing gains from increased shipments. Ordinary income declined ¥600 million, or 10.2% year-on-year, to ¥5.5 billion owing to lower dividend receipts, in addition to the fall in operating income. Net income increased ¥100 million, or 4.6% year-on-year, to ¥3.2 billion, which reflects an improvement in net extraordinary items.

It should be noted that first-quarter results of the Company tend to come in below those of other quarters. This is due to effects of seasonal factors, such as scheduled plant maintenance concentrated in the first quarter at the Company's production plants for Chemicals and Plastics and for Specialty Chemicals and Products segments, as well as a bias in cement demand in favor of the second half of the year (cement is a key product of the Cement and Construction Materials segment of the Company), and a concentration in the end of the fiscal year with respect to the accounting recognition of machinery sales revenue.

Performance by segment is summarized below.

A. Chemicals and Plastics

Net sales increased ¥8.5 billion, or 21.1% year-on-year, to ¥49.0 billion. This was due to solid demand supporting favorable shipments of caprolactum and synthetic rubber, combined with an increase in the yen-converted value of sales of overseas subsidiaries due to a weaker yen. Operating income declined ¥1.0 billion, or 60.3% year-on-year, to ¥700 million. Responsible for the fall, which came despite a rise in earnings from volume effects, was a contraction in the spread between raw material costs and prices of caprolactam and polyamide resin products as well as higher energy costs, including for crude oil.

B. Specialty Chemicals and Products

Net sales increased ¥400 million, or 2.4% year-on-year, to ¥20.8 billion. Contributing factors were a continuing recovery trend in IT and digital-products markets since the summer of 2005, leading to growing shipments of specialty products such as polyimide film mainly for LCD and plasma display applications, and electrolytes and separators for lithium-ion rechargeable batteries. Operating income was up ¥800 million, or 51.2% year-on-year, to ¥2.4 billion thanks to volume effects from these specialty products.

C. Cement and Construction Materials

Net sales rose ¥3.3 billion, or 7.4%, to ¥49.3 billion. This was due to higher sales of ready-mix concrete at the cement and construction materials subsidiary, as well as increased sales of quicklime products. Operating income fell ¥600 million, or 32.7% year-on-year, to ¥1.4 billion. Responsible for the decline was rising energy costs, including for coal, which outweighed income-enhancing factors such as higher export prices for cement and increased use of waste.

D. Machinery and Metal Products

Net sales increased ¥5.5 billion, or 28.7%, to ¥25.0 billion. This was due to favorable shipments of machinery products, such as die casting machines for the automotive industry and vertical mills for the Chinese market. Operating income rose ¥200 million, or 37.6% year-on-year, to ¥900 million. This increase reflects income gains from higher machinery sales offsetting an income decline at the Company's aluminum wheel operations, which was caused by a strong Canadian dollar and a drop in domestic sales volumes.

E. Energy and Environment

Net sales slipped ¥200 million, or 3.5% year-on-year, to ¥6.4 billion, almost unchanged from a year earlier. Operating income rose ¥200 million, or 96.0% year-on-year, to ¥400 million. This gain was due to an increase in coal in storage.

F. Other

Net sales and operating income came to ¥1.0 billion and ¥100 million, respectively, on a par with the corresponding figures of a year earlier.

3. Consolidated Financial Position

	(In millions of yen - rounded down, except per share data)			
	Total Assets	Net Assets	Equity Ratio	Net Assets per Share (Yen)
1Q ended June 30, 2006	702,836	169,260	21.5%	149.90
1Q ended June 30, 2005	704,184	109,794	15.6%	116.88
Reference:				
Previous fiscal year ended March 31, 2006	700,437	149,763	21.4%	148.71

Note: With respect to the figures for the first quarter of the fiscal year ended March 2006 and the fiscal year ended March 2006, previously stated stockholders' equity, stockholders' equity ratio, and stockholders' equity per share, respectively, are stated in the columns for net assets, equity ratio, and net assets per share.

4. Qualitative Information on Changes in Consolidated Financial Position

Total assets at the end of the period under review increased by ¥2.3 billion to ¥702.8 billion. Underlying factors included a ¥3.3 billion rise in current assets reflecting a year-on-year decline in trade notes and accounts receivables while inventories increased. Furthermore, fixed assets fell ¥900 million due to a decline in investments and other assets.

Total liabilities increased by ¥1.5 billion to ¥533.5 billion. Underlying factors included a ¥4.8 billion rise in trade notes and accounts payable while interest-bearing debt fell ¥4.2 billion.

Net assets were ¥169.2 billion, reflecting a ¥1.0 billion decline in unrealized gain on holdings of other marketable securities and a ¥1.9 billion increase in accumulated foreign currency transition adjustment.

Reference

Forecast of Consolidated Earnings for Fiscal Year Ending March 31, 2007 (April 1, 2006 - March 31, 2007)

The consolidated results forecast released May 11, 2006, remains unchanged.

	(In millions of yen)			
	Net Sales	Operating Income	Ordinary Income	Net Income
Current first half of fiscal year ending September 30, 2006	298,000	14,500	10,500	5,000
Current fiscal year ending March 31, 2007	615,000	41,000	32,000	18,000

III. Summary of Consolidated Balance Sheet

(In millions of yen - rounded down)

		IQ Ended June 30, 2006		Previous Fiscal Year Ended March 31, 2006		Change	IQ Ended June 30, 2005	
(Assets)		Amount	%	Amount	%	Amount	Amount	%
I.	Current assets	271,906	38.7	268,559	38.3	3,347	275,898	39.2
	Cash and cash equivalents	18,910		20,623		-1,713	37,927	
	Notes and accounts receivable	145,471		147,823		-2,352	132,245	
	Inventories	86,881		81,459		5,422	85,230	
	Other	20,644		18,654		1,990	20,496	
II.	Fixed assets	430,923	61.3	431,870	61.7	-947	428,269	60.8
	Tangible fixed assets	358,788		357,519		1,269	357,437	
	Intangible fixed assets	4,633		4,812		-179	5,411	
	Investment and other fixed assets	67,502		69,539		-2,037	65,421	
III.	Deferred assets	7	0.0	8	0.0	-1	17	0.0
Total assets		702,836	100.0	700,437	100.0	2,399	704,184	100.0
(Liabilities)								
I.	Current liabilities	303,086	43.1	291,293	41.6	11,793	325,360	46.2
	Notes and accounts payable	101,913		97,070		4,843	91,419	
	Short-term debts	134,912		123,951		10,961	153,121	
	Current portion of bonds	8,460		14,460		-6,000	7,420	
	Current portion of convertible bonds	–		–		–	19,811	
	Other liabilities	57,801		55,812		1,989	53,589	
II.	Long-term liabilities	230,490	32.8	240,781	34.4	-10,291	251,501	35.7
	Bonds	1,410		2,520		-1,110	9,190	
	Convertible bonds	19,898		19,898		–	19,900	
	Long-term debts	172,983		181,117		-8,134	184,338	
	Accrued retirement benefits	9,316		10,118		-802	10,969	
	Other	26,883		27,128		-245	27,104	
Total liabilities		533,576	75.9	532,074	76.0	1,502	576,861	81.9
(Minority interests)								
	Minority interests	–	–	18,600	2.6	–	17,529	2.5
(Stockholders' equity)								
I.	Common stock	–	–	58,399	8.3	–	48,565	6.9
II.	Capital surplus	–	–	28,294	4.0	–	18,449	2.6
III.	Retained earnings	–	–	52,708	7.5	–	39,746	5.7
IV.	Revaluation surplus on assets	–	–	365	0.1	–	510	0.1
V.	Unrealized gain on holdings of other marketable securities	–	–	11,588	1.7	–	6,615	0.9
VI.	Accumulated foreign currency translation adjustments	–	–	-1,265	-0.2	–	-3,481	-0.5
VII.	Treasury stock, at cost	–	–	-326	0.0	–	-610	-0.1
Total stockholders' equity		–	–	149,763	21.4	–	109,794	15.6
Total liabilities, minority interests and stockholders' equity		–	–	700,437	100.0	–	704,184	100.0
(Net Assets)								
I.	Stockholders' equity	139,214	19.8	–	–	–	–	–
	Common stock	58,399	8.3	–	–	–	–	–
	Capital surplus	28,295	4.0	–	–	–	–	–
	Retained earnings	52,858	7.5	–	–	–	–	–
	Treasury stock	-338	0.0	–	–	–	–	–
II.	Valuation and currency conversion differences	11,634	1.7	–	–	–	–	–
	Unrealized gain on holdings of other marketable securities	10,544	1.5	–	–	–	–	–
	Deferred hedging gain/loss	13	0.0	–	–	–	–	–
	Revaluation surplus on assets	357	0.1	–	–	–	–	–
	Accumulated foreign currency transition adjustments	720	0.1	–	–	–	–	–
III.	Minority interests	18,412	2.6	–	–	–	–	–
Total net assets		169,260	24.1	–	–	–	–	–
Total liabilities and Net assets		702,836	100.0	–	–	–	–	–

IV. Summary of Consolidated statements of Operations

(In millions of yen - rounded down)

	Current Quarter (From April 1 to June 30, 2006)	Same Quarter Last Year (From April 1 to June 30, 2005)	Change	Previous Fiscal Year (From April 1, 2005 to March 31, 2006)
Net sales	151,659	133,890	17,769	595,391
Cost of sales	126,261	109,242	17,019	474,997
Gross profit	25,398	24,648	750	120,394
Selling, general and administrative expenses	19,287	18,149	1,138	78,225
Operating income	6,111	6,499	-388	42,169
Non-operating income	3,212	3,410	-198	9,936
Non-operating expenses	3,783	3,743	40	18,851
Ordinary income	5,540	6,166	-626	33,254
Extraordinary gains	101	17	84	701
Extraordinary losses	145	317	-172	7,321
Income before income taxes and minority Interests	5,496	5,866	-370	26,634
Income tax, inhabitants tax and enterprise tax	2,300	2,818	-518	9,665
Minority interests	-13	-21	8	963
Net income	3,209	3,069	140	16,006

V. Information by Business Segment

Current Quarter (From April 1 to June 30, 2006)

(In millions of yen - rounded down)

	(1) Outside Customers	Net Sales (2) Inter-Segment Sales and Transfers	Total	Operating Expenses	Operating Income
Chemicals and Plastics	49,011	1,843	50,854	50,152	702
Specialty Chemicals and Products	20,840	377	21,217	18,798	2,419
Cement and Construction Materials	49,300	794	50,094	48,672	1,422
Machinery and Metal Products	25,030	423	25,453	24,530	923
Energy and Environment	6,405	1,743	8,148	7,658	490
Other	1,073	199	1,272	1,103	169
Total	151,659	5,379	157,038	150,913	6,125
Elimination or Corporate	-	-5,379	-5,379	-5,365	-14
Consolidated	151,659	-	151,659	145,548	6,111

Same Quarter Last Year (April 1 to June 30, 2005)

(In millions of yen - rounded down)

	(1) Outside Customers	Net Sales (2) Inter-Segment Sales and Transfers	Total	Operating Expenses	Operating Income
Chemicals and Plastics	40,474	1,998	42,472	40,703	1,769
Specialty Chemicals and Products	20,361	-	20,361	18,761	1,600
Cement and Construction Materials	45,923	706	46,629	44,517	2,112
Machinery and Metal Products	19,442	72	19,514	18,843	671
Energy and Environment	6,635	785	7,420	7,170	250
Other	1,055	163	1,218	1,072	146
Total	133,890	3,724	137,614	131,066	6,548
Elimination or Corporate	-	-3,724	-3,724	-3,675	-49
Consolidated	133,890	-	133,890	127,391	6,499