

Supplementary financial summary for the six months ended September 30, 2003

Note: Billions of yen rounded to nearest one-tenth billion yen, unless otherwise indicated.

1. Operating Performance

	April 2003 – September 2003			April 2002 – September 2002			Consolidated		Non-consolidated	
	Consolidated [a]	Non-consolidated [b]	a/b	Consolidated [a]	Non-consolidated [b]	a/b	Increase (decrease)	Percent change	Increase (decrease)	Percent change
Net Sales	586.0	426.3	1.37	577.4	435.6	1.33	8.6	+1.5%	(9.3)	-2.1%
Operating profit	22.7	9.4	2.42	24.7	12.2	2.02	(2.0)	-8.2%	(2.9)	-23.4%
Ordinary profit	18.0	8.3	2.17	21.0	10.0	2.09	(3.0)	-14.1%	(1.7)	-17.2%
Net income (loss)	10.3	6.6	1.57	(40.3)	(41.0)	0.98	50.6	–	47.6	–
Total assets*	1,253.9	1,293.8	0.97	1,223.7	1,034.3	1.18				
Shareholders' equity**	426.9	349.2	1.22	443.8	370.8	1.20				
Net income (loss) per share†	7.34	4.68	1.57	(28.71)	(29.25)	0.98				
Shareholders' equity per share†	304.67	249.21	1.22	316.45	264.36	1.20				
ROA‡	1.7%	1.1%	–	(6.7%)	(8.1%)	–				
ROE‡	4.9%	3.8%	–	(17.1%)	(20.7%)	–				
D/E ratio	0.76	1.49§	–	0.79	0.82	–				
Cash dividends, six-month†	3.0			3.0						

Note: 3.0 yen forecast for fiscal year-end dividend.

*1,212.4 as of March 31, 2003.

** 407.6 as of March 31, 2003.

† Yen.

‡ Annualized.

§ Non-consolidated interest-bearing debt at end of term includes borrowings from a consolidated subsidiary for the transition to a holding company configuration. Non-consolidated D/E ratio excluding this debt is 0.81.

2. Financial Highlights

	April 2003 – September 2003		April 2002 – September 2002		April 2003 – March 2004 forecast
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Capital expenditures, tangible	36.4	23.6	32.8	18.7	76.0
Capital expenditures, intangible	5.9	6.5	6.7	5.1	11.0
Depreciation*	31.0	21.2	28.9	20.8	67.0
Interest bearing debt at end of term	323.1	521.6	350.5	305.1	295.0
<i>Of which, borrowings for transition to holding company configuration</i>	–	238.5	–	–	–
<i>Effective interest bearing debt at end of term, net of the above</i>	–	283.2	–	–	–
Net financing income (expenses)	(1.0)	0.8	(1.7)	(0.6)	(2.3)
<i>Of which, cash dividends received</i>	1.0	2.5	0.8	1.7	1.6
R&D expenditures	23.6	19.2	24.4	19.8	49.0
Number of employees	25,649	11,519	26,529	11,942	

* Of tangible and intangible assets, total.

3. Key operating factors

	April 2003 – September 2003	April 2002 – September 2002	April 2003 – March 2004 forecast
Naphtha price (yen/kL, domestic)	25,800	22,650	25,000
Yen/US\$ exchange rate (market average)	118	123	110

4. Subsidiaries and affiliates

	September 2003	September 2002
Consolidated subsidiaries	98	100
Unconsolidated subsidiaries and affiliates*	58	56
Total	156	156

* Unconsolidated subsidiaries and 20–50% owned companies using the equity method.

5. Forecast for the fiscal year April 2003 – March 2004

5.1. Consolidated

	April 2003 – March 2004	April 2002 – March 2003	Increase (decrease)	Percent change
Net sales	1,250.0	1,193.6	56.4	+4.7%
Operating profit	60.0	61.6	(1.6)	-2.5%
<i>Absent amortization*</i>	<i>79.0</i>	<i>61.6</i>	<i>17.4</i>	<i>+28.2%</i>
Ordinary profit	55.0	50.4	4.6	+9.2%
<i>Absent amortization*</i>	<i>74.0</i>	<i>50.4</i>	<i>23.6</i>	<i>+46.8%</i>
Net income (loss)	29.0	(66.8)	95.8	—

* For comparison with the previous fiscal year, when outstanding actuarial differences arising in retirement allowances were amortized as a one-time special loss.

5.2. Non-consolidated*

	April 2003 – March 2004	April 2002 – March 2003	Increase (decrease)	Percent change
Net sales	430.0	906.4	(476.4)	-52.6%
Operating profit	3.5	37.0	(33.5)	-90.5%
Ordinary profit	2.5	32.3	(29.8)	-92.2%
Net income (loss)	1.5	(67.7)	69.2	—

* With the October 1, 2003 transformation to a holding company configuration, non-consolidated statements of income include only operations during the first fiscal half and lease of land to operating subsidiaries during the second fiscal half.

6. Consolidated net sales and operating profit by sector

6.1. Consolidated net sales by operating segments

	April 2003 – September 2003	April 2002 – September 2002	Increase (decrease)	Percent change	April 2003 – March 2004 forecast	April 2002 – March 2003
Chemicals	218.6	203.0	15.6	+7.7%	445.0	424.7
Homes	147.8	148.0	(0.2)	-0.2%	361.0	320.6
Pharma	53.9	52.1	1.8	+3.4%	108.0	105.5
Fibers	50.8	56.3	(5.5)	-9.7%	105.0	110.6
Electronics Materials and Devices	39.5	37.6	1.8	+4.9%	80.0	71.6
Construction Materials	31.1	31.9	(0.9)	-2.7%	63.0	63.1
Life & Living	28.8	26.1	2.7	+10.5%	58.0	52.9
Services, Engineering and Others	15.5	22.3	(6.8)	-30.5%	30.0	44.8
Total	586.0	577.4	8.6	+1.5%	1,250.0	1,193.6

6.2. Consolidated operating profit (loss) by sector

	April 2003 – September 2003	April 2002 – September 2002	Increase (decrease)	Percent change	April 2003 – March 2004 forecast	April 2002 – March 2003
Chemicals	7.0	9.8	(2.8)	-28.3%	19.0	23.7
Homes	4.6	3.9	0.7	+18.1%	21.0	13.9
Pharma	6.6	9.2	(2.6)	-28.3%	11.0	17.4
Fibers	0.2	0.8	(0.5)	-72.7%	0.5	1.3
Electronics Materials and Devices	7.7	5.2	2.6	+49.3%	14.5	9.5
Construction Materials	(1.5)	(1.1)	(0.4)	-	(2.0)	(2.3)
Life & Living	2.9	2.3	0.6	+26.2%	5.0	4.7
Services, Engineering and Others	0.1	(1.4)	1.5	-	1.0	(0.3)
Combined	27.8	28.7	(1.0)	-3.3%	70.0	67.8
Corporate Expenses and Eliminations	(5.1)	(4.0)	(1.1)	-	(10.0)	(6.3)
Total	22.7	24.7	(2.0)	-8.2%	60.0	61.6

6.3. Consolidated operating profit (loss) by sector absent amortization*

	April 2003 – September 2003		April 2002 – September 2002	Increase (decrease)	Percent change	April 2003 – March 2004 forecast		April 2002 – March 2003
	[]					[]		
Chemicals	[2.7]	9.7	9.8	(0.1)	-1.1%	[5.7]	24.7	23.7
Homes	[1.0]	5.6	3.9	1.7	+42.7%	[2.0]	22.9	13.9
Pharma	[1.4]	8.0	9.2	(1.3)	-13.6%	[2.8]	13.8	17.4
Fibers	[1.1]	1.3	0.8	0.5	+67.3%	[2.2]	2.7	1.3
Electronics Materials and Devices	[0.6]	8.3	5.2	3.1	+60.4%	[1.1]	15.6	9.5
Construction Materials	[0.7]	(0.8)	(1.1)	0.3	-	[1.4]	(0.6)	(2.3)
Life & Living	[0.4]	3.3	2.3	1.0	+43.2%	[0.9]	5.9	4.7
Services, Engineering and Others	[0.0]	0.2	(1.4)	1.6	-	[0.1]	1.1	(0.3)
Combined	[7.8]	35.5	28.7	6.8	+23.7%	[16.2]	86.1	67.8
Corporate Expenses and Eliminations	[1.4]	(3.7)	(4.0)	0.4	-	[2.9]	(7.1)	(6.3)
Total	[9.2]	31.9	24.7	7.2	+29.0%	[19.0]	79.0	61.6

* For comparison with the previous fiscal year, when outstanding actuarial differences arising in retirement allowances were amortized as a one-time special loss. Actuarial differences arising in retirement allowances shown in brackets.

7. Breakdown of increase (decrease) in consolidated net sales and operating profit

7.1. Breakdown of increase (decrease) in consolidated net sales

	Increase (decrease) due to:			Net sales increase (decrease)
	Sales volume	Sales prices	Sales composition	
Chemicals	11.0	4.0	0.6	15.6
Homes	0.2	0.0	(0.4)	(0.2)
Pharma	2.2	(0.5)	0.1	1.8
Fibers	(5.0)	(0.5)	0.0	(5.5)
Electronics Materials and Devices	2.2	(0.5)	0.1	1.8
Construction Materials	(0.5)	(0.5)	0.1	(0.9)
Life & Living	2.9	0.0	(0.2)	2.7
Services, Engineering and Others	(6.5)	0.0	(0.2)	(6.8)
Total	6.5	2.0	0.1	8.6

7.2. Breakdown of increase (decrease) in consolidated operating profit

	Increase (decrease) due to:					Operating profit increase (decrease)**	
	Sales volume	Sales prices	Variable costs	Fixed costs*		Sales composition	
Chemicals	3.9	4.0	(7.8)	(2.7)	(3.4)	0.5	(0.1) (2.8)
Homes	(0.5)	0.0	2.0	(1.0)	(0.3)	(0.5)	1.7 0.7
Pharma	0.3	(0.5)	(0.5)	(1.4)	(1.9)	0.0	(1.3) (2.6)
Fibers	(0.6)	(0.5)	0.0	(1.1)	0.6	0.0	0.5 (0.5)
Electronics Materials and Devices	2.5	(0.5)	0.0	(0.6)	0.3	0.3	3.1 2.6
Construction Materials	0.0	(0.5)	(0.5)	(0.7)	0.3	0.3	0.3 (0.4)
Life & Living	0.7	0.0	0.0	(0.4)	(0.2)	0.1	1.0 0.6
Services, Engineering and Others	(1.5)	0.0	0.0	(0.0)	2.6	0.4	1.6 1.5
Corporate Expenses and Elimination	0.2	0.0	(0.2)	(1.4)	(1.0)	(0.1)	0.4 (1.1)
Total	5.0	2.0	(7.0)	(9.2)	(3.0)	1.0	7.2 (2.0)

* Effect of amortization of actuarial differences arising in retirement allowances shown in italics.

** Figures excluding effect of amortization of actuarial differences arising in retirement allowances shown in italics.

8. Interest bearing debt and net financing income (expenses)

8.1. Interest-bearing debt at end of term

	September 2003		March 2003		September 2002	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Short-term borrowings and commercial paper	72.0	176.2	52.2	35.4	37.6	12.9
<i>Of which, borrowings for transition to holding company configuration</i>	–	120.4	–	–	–	–
<i>Effective interest bearing debt at end of term, net of the above</i>	–	55.8	–	–	–	–
Long-term loans	82.9	179.3	81.1	56.4	70.5	51.8
<i>Of which, borrowings for transition to holding company configuration</i>	–	118.0	–	–	–	–
<i>Effective interest bearing debt at end of term, net of the above</i>	–	61.2	–	–	–	–
Bonds	168.0	166.0	190.0	188.0	242.0	240.0
Notes discounted	0.2	0.2	0.4	0.4	0.4	0.4
Total	323.1	521.6	323.7	280.2	350.5	305.1
<i>Of which, borrowings for transition to holding company configuration</i>	–	238.5	–	–	–	–
<i>Effective interest bearing debt at end of term, net of the above</i>	–	283.2	–	–	–	–

8.2. Net financing income (expenses)

	April 2003 – September 2003		April 2002 – September 2002	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Interest expenses	(2.3)	(1.8)	(2.8)	(2.4)
Interest income	0.3	0.1	0.4	0.2
Dividend income	1.0	2.5	0.8	1.7
Total	(1.0)	0.8	(1.7)	(0.6)

9. Consolidated statements of cash flows

	April 2003 – September 2003	April 2002 – September 2002
a. Cash flows from operating activities	43.9	36.4
b. Cash flows from investing activities	(58.0)	(37.5)
c. Free cash flows [a+b]	(14.1)	(1.1)
d. Cash flows from financing activities	(4.7)	21.2
e. Effect of exchange rate changes on cash and cash equivalents	0.0	(0.6)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(18.8)	19.5
Cash and cash equivalents at beginning of term	79.3	83.9
Cash and cash equivalents held by newly consolidated subsidiaries	–	5.0
Cash and cash equivalents at end of term	60.5	108.4