

## First Half 2008 Financial Results

### I. First Half Results 2008

#### 1. Summary

(Unit: billions of yen, except for stockholders' equity/share and net income/share)

| Items                          | 1st half, 2007 |         | 1st half, 2008 |         | Increase     |        |
|--------------------------------|----------------|---------|----------------|---------|--------------|--------|
|                                | Consolidated   | Parent  | Consolidated   | Parent  | Consolidated | Parent |
| Net Sales                      | 485.1          | 336.7   | 510.8          | 360.2   | 25.7         | 23.5   |
| Operating Income               | 35.0           | 21.7    | 24.6           | 17.1    | -10.3        | -4.6   |
| Net Income                     | 15.1           | 10.5    | 11.7           | 10.1    | -3.3         | -0.4   |
| Stockholders' equity per share | ¥213.47        | ¥192.04 | ¥225.04        | ¥204.27 | ¥11.57       | ¥12.23 |
| Net Income per share           | ¥12.81         | ¥8.93   | ¥9.40          | ¥8.12   | ¥-3.41       | ¥-0.81 |

Note: As to 1st half 2008, increases in depreciation expenses, following the tax system revision, was 2.5 billion yen.

#### 2. Net Sales and Operating Income by Segment

(Unit: billions of yen)

| Segment            |                  | 1st half, 2007 |        | 1st half, 2008 |        | Increase     |        |
|--------------------|------------------|----------------|--------|----------------|--------|--------------|--------|
|                    |                  | Consolidated   | Parent | Consolidated   | Parent | Consolidated | Parent |
| Petrochemicals     | Net Sales        | 192.2          | 141.7  | 204.7          | 161.7  | 12.5         | 19.9   |
|                    | Operating Income | 10.9           | 9.4    | 6.0            | 5.1    | -4.9         | -4.3   |
| Chemicals          | Net Sales        | 39.1           | 32.7   | 40.8           | 36.5   | 1.6          | 3.8    |
|                    | Operating Income | 3.3            | 3.1    | 3.7            | 3.3    | 0.4          | 0.2    |
| Electronics        | Net Sales        | 85.8           | 50.6   | 101.1          | 55.9   | 15.3         | 5.3    |
|                    | Operating Income | 9.8            | 3.8    | 7.5            | 5.8    | -2.3         | 2.0    |
| Inorganics         | Net Sales        | 39.4           | 26.2   | 43.5           | 29.4   | 4.1          | 3.2    |
|                    | Operating Income | 9.6            | 5.4    | 9.8            | 5.7    | 0.3          | 0.3    |
| Aluminum           | Net Sales        | 128.6          | 85.5   | 120.8          | 76.8   | -7.8         | -8.7   |
|                    | Operating Income | 4.1            | 2.8    | 0.7            | 0.3    | -3.4         | -2.5   |
| HQ costs and other | Net Sales        | 0              | 0      | 0              | 0      | 0            | 0      |
|                    | Operating Income | -2.6           | -2.8   | -3.1           | -3.0   | -0.4         | -0.2   |
| Total              | Net Sales        | 485.1          | 336.7  | 510.8          | 360.2  | 25.7         | 23.5   |
|                    | Operating Income | 35.0           | 21.7   | 24.6           | 17.1   | -10.3        | -4.6   |

Note: As to 1st half 2008, increases in depreciation expenses, following the tax system revision, was 2.5 billion yen.

#### 3. Reference (Consolidated)

(Unit: billions of yen)

| Items  | 1st half<br>2007 | 1st half<br>2008 | Increase          | 2007    |
|--|------------------|------------------|-------------------|---------|
| Capital expenditures   | 42.8             | 25.9             | -16.9             | 69.3    |
| Depreciation and amortization                                | 22.4             | 29.3             | 6.9               | 49.8    |
| R&D expenditures   | 9.4              | 9.3              | -0.1              | 17.4    |
| Total assets   | 1,048.5          | 1,016.7          | -31.8             | 1,029.6 |
| Interest bearing debt  | 426.3            | 404.1            | -22.2             | 395.6   |
| Gap between interest/dividend<br>income and interest expense | -3.1             | -2.9             | 0.2               | -6.8    |
| Total number of employees                                    | 11,321           | 11,893           | 572               | 11,329  |
| Exchange rate (yen/US\$)                                     | 120              | 105              | Yen down by 15/\$ | 118     |
| Domestic naphtha price (yen/kl)                              | 53,300           | 68,800           | 15,500            | 56,975  |

#### 3. Cash Flow (Consolidated)

(Unit: billions of yen)

| Cash Flows from:     | 1st half<br>2007 | 1st half<br>2008 | Increase |
|----------------------|------------------|------------------|----------|
| Operating Activities | 20.1             | 12.5             | -7.5     |
| Investing Activities | -32.5            | -24.4            | 8.2      |
| Free Cash Flow       | -12.5            | -11.9            | 0.6      |
| Financing Activities | -14.1            | 1.7              | 15.8     |
| Net increase in Cash | -26.0            | -10.0            | 16.0     |

**II. Forecast for 2008 (full year)**
**Revised on August 7th 2008**
**1. Summary**

(Unit: billions of yen, except for stockholders' equity/share, net income/share and cash dividends/share)

| Items                    | 2007         |        | 2008 Forecast |        | Increase     |        |
|--------------------------|--------------|--------|---------------|--------|--------------|--------|
|                          | Consolidated | Parent | Consolidated  | Parent | Consolidated | Parent |
| Net Sales                | 1,023.2      | 709.6  | 1,120.0       | 795.0  | 96.8         | 85.4   |
| Operating Income         | 76.7         | 48.8   | 59.0          | 39.0   | -17.7        | -9.8   |
| Net Income               | 33.1         | 22.3   | 28.0          | 22.5   | -5.1         | 0.2    |
| Net Income per share     | ¥27.52       | ¥18.55 | ¥22.44        | ¥18.03 | ¥-5.08       | ¥-0.52 |
| Cash dividends per share |              | ¥5.00  |               | ¥6.00  |              | ¥1.00  |

Note: As to the forecast for 2008, it is assumed that increases in depreciation expenses, following the tax system revision, will cause operating income to decrease 5.4 billion yen.

**2. Net Sales and Operating Income by Segment**

(Unit: billions of yen)

| Segment            |                  | 2007         |        | 2008 Forecast |        | Increase     |        |
|--------------------|------------------|--------------|--------|---------------|--------|--------------|--------|
|                    |                  | Consolidated | Parent | Consolidated  | Parent | Consolidated | Parent |
| Petrochemicals     | Net Sales        | 395.1        | 302.5  | 470.0         | 380.0  | 74.9         | 77.5   |
|                    | Operating Income | 19.6         | 16.8   | 13.0          | 10.5   | -6.6         | -6.3   |
| Chemicals          | Net Sales        | 84.7         | 69.1   | 95.0          | 75.0   | 10.3         | 5.9    |
|                    | Operating Income | 7.4          | 6.8    | 8.0           | 7.0    | 0.6          | 0.2    |
| Electronics        | Net Sales        | 201.0        | 112.9  | 215.0         | 120.0  | 14.0         | 7.1    |
|                    | Operating Income | 25.8         | 13.0   | 20.0          | 14.0   | -5.8         | 1.0    |
| Inorganics         | Net Sales        | 84.6         | 55.3   | 90.0          | 60.0   | 5.4          | 4.7    |
|                    | Operating Income | 20.9         | 12.1   | 21.0          | 12.5   | 0.1          | 0.4    |
| Aluminum           | Net Sales        | 257.8        | 169.8  | 250.0         | 160.0  | -7.8         | -9.8   |
|                    | Operating Income | 8.0          | 5.3    | 3.5           | 1.5    | -4.5         | -3.8   |
| HQ costs and other | Net Sales        | -            | -      | -             | -      | -            | -      |
|                    | Operating Income | -5.1         | -5.2   | -6.5          | -6.5   | -1.4         | -1.3   |
| Total              | Net Sales        | 1,023.2      | 709.6  | 1,120.0       | 795.0  | 96.8         | 85.4   |
|                    | Operating Income | 76.7         | 48.8   | 59.0          | 39.0   | -17.7        | -9.8   |

Note: As to the forecast for 2008, it is assumed that increases in depreciation expenses, following the tax system revision, will cause operating income to decrease 5.4 billion yen.

**3. Reference (Consolidated)**

(Unit: billions of yen)

|   | 2007              | 2008 Forecast     | Increase |
|---|-------------------|-------------------|----------|
| Capital expenditures                                      | 69.3              | 63.7              | -5.7     |
| Depreciation and amortization                             | 49.8              | 61.9              | 12.2     |
| R&D expenditures  | 17.4              | 20.8              | 3.4      |
| Interest bearing debt                                     | 395.6             | 400.0             | 4.4      |
| Gap between interest/dividend income and interest expense | -6.8              | -6.7              | 0.1      |
| Total number of employees                                 | 11,329            | 11,933            | 604      |
| Exchange rate (yen/US\$)                                  | (2nd half) 116    | (2nd half) 105    | -11      |
| Domestic naphtha price (yen/kl)                           | (2nd half) 60,650 | (2nd half) 85,800 | 25,150   |

The performance forecast for 2008 is based on the economic conditions and the Company's business policy at this point of time.

Please note that actual results may differ materially from the forecast due to a variety of factors, including changes in the market conditions.