

Summary of Consolidated Business Results for April 1, 2005 – March 31, 2006

05/16/06

1) Consolidated Operating Results

Note: Amounts have been rounded off to the nearest million yen.

	Net Sales		Operating Income		Current Profit	
	¥ Millions	%	¥ Millions	%	¥ Millions	%
April 2005 – March 2006	423,374	14.5	6,339	10.3	7,572	–17.4
Reference: Fiscal year ended March 31, 2005	369,761	11.4	5,745	36.0	9,170	38.8

	Net Income		EPS	Fully Diluted EPS
	¥ Millions	%	¥	¥
April 2005 – March 2006	4,638	–22.3	75.04	75.03
Reference: Fiscal year ended March 31, 2005	5,968	72.9	104.34	96.68

Note: Figures shown in percentage of sales, operating income, and other items show the ratios of sequential changes are year-on-year comparisons.

2) Consolidated Financial Position

	Total Assets	Shareholder's Equity	Shareholder's Equity Ratio	Shareholder's Equity Per Share
	¥ Millions	¥ Millions	%	¥
As of March 31, 2006	269,590	78,457	29.1	1,253.77
Reference: As of March 31, 2005	210,478	59,581	28.3	1,012.71

3) Consolidated Cash Flows

	Net Cash from Operating Activities	Net Cash from Investment Activities	Net Cash from Financial Activities	Balance of Cash and Cash Equivalents at Term End
	¥ Millions	¥ Millions	¥ Millions	¥ Millions
April 2005 – March 2006	–16,071	10,966	5,275	5,729
Reference: Fiscal year ended March 31, 2005	–1,675	–7,227	8,312	5,014

4) Consolidated Forecasts for Fiscal 2006 (April 1, 2006 – March 31, 2007)

	Net Sales	Current Profit	Net Income
	¥ Millions	¥ Millions	¥ Millions
April 2006 – September 2006	214,000	3,600	2,700
Whole Year	430,000	7,400	4,600

Reference: Expected EPS (Whole Year) ¥73.53

* The above forecasts were prepared on the basis of information available on the date of release. Actual results may differ from these forecasts due to various factors.

5) Business Results

During the fiscal year ended March 31, 2006, the Japanese economy was on a firm footing, with increasing capital investment backed by improved corporate earnings and also with a gradual increase in personal consumption. While the impact of soaring crude oil prices intensified uncertainties in the domestic and international economies, the United States and Asian countries maintained economic growth, and the euro zone also maintained a recovery trend by and large, causing the economic climate surrounding the Inabata group to be favorable overall.

In such a climate, the Inabata group pushed forward aggressively across the globe, focusing on the following key areas: IT & Electronics, Housing Materials, Chemicals, Plastics, and Food. As a result, consolidated net sales increased by 14.5% year-on-year to ¥423,300 million, and operating income increased by 10.3% year-on-year to ¥6,339 million, supported by the strong earnings of overseas operations. The exclusion of Sumitomo Pharmaceuticals Co., Ltd. (currently Dainippon Sumitomo Pharma Co., Ltd.) from the scope of application of the equity method, meanwhile, caused a decline in consolidated current profit by 17.4% to ¥7,572 million, and net income by 22.3% to ¥4,638 million, respectively.

Though non-consolidated net sales grew by 8.3% from the previous year to ¥290,300 million, operating income decreased to ¥2,654 million, down 18.4%, and current profit to ¥3,663 million, down 18.6%, from the previous year. Net income, however, increased to ¥10,624 million – 4.3 times the previous figure, due to a significant contribution from the sale of shares in Sumitomo Pharmaceuticals Co., Ltd.

6) Business Segment**(100 millions of yen)**

Segment	Net sales	% Year-on-year gain/loss
IT & electronics	1,313	23.7
Housing Materials	251	−3.6
Chemicals	735	8.5
Plastics	1,604	15.1
Food	242	5.5
Others	86	18.7
Total	4,233	14.5