

### Strengths

As its primary directions, the Company has decided to launch a new commitment to the upstream sector and to maintain to allocate management resources to the mid-stream and retail sector. Both of the two Divisions comprising the Company boast their industry's highest-level of profitability.

Also, it has been placing its focus on the following key areas:

#### 1) Forest Products & General Merchandise Division

Expansion of building material related business in North America, Development of forestation, Pulp manufacturing and trading business, Worldwide expansion of the rubber and tire business, Strengthening of the retail business.

#### 2) Chemicals Division

Resource development-type projects such as manufacturing of methanol and fluoric acid, Market oriented-type projects such as manufacturing raw materials for synthetic fiber and sulfuric acid, and Expansion of general-purpose synthetic resin business. The Company practices growth plans in the key areas with strongly-performing subsidiaries. In the Forest Products & General Merchandise Division — PrimeSource Building Products Inc., CIPA Lumber Co., Ltd. and Pacific Woodtech Corporation are expanding their business in the growing North American building material market, CENIBRA in Brazil has established an environmentally friendly sustainable operation with its logs 100% obtained from well managed own forestation, subsidiaries of natural rubber and

tires strengthen their integrated operation from the procurement of natural rubber to wholesale/retail of tire in USA, Europe and Japan. In the Chemicals Division — C.I. Kasei Company, Limited and Takiron Co., Ltd., subsidiaries listed on the first section of the TSE, are producing highly value added building, packing, and agricultural materials as well as developing innovative technology business such as medical and nano technology related products, Ningbo Mitsubishi Chemical Co., Ltd., is planning to produce PTA (PTA : high purity terephthalic acid) which is a raw material of polyester fiber and the construction of the plant is now smoothly progressing. With all subsidiaries and associates including the listed above, the Company focuses on achieving higher goals.

### Business Performance in the Fiscal Year Ended March 2006

The Company was influenced by the macroeconomic environment surrounding the industries. Favorably affected by the strong performance of the U.S. building materials market and chemicals market in the world, the Company had a steady growth in its earnings from its overseas housing materials-related enterprises and trading in the chemicals sector. On the other hand, associates of the company in resource supplying countries were negatively affected by appreciation of their currency. Furthermore, the sluggishness in the domestic housing materials market had an adverse impact on the trading of building materials.

Organization (As of April 1, 2006)

**Chemicals, Forest Products & General Merchandise Company**

**Forest Products & General Merchandise Division**

**Chemicals Division**

Planning & Coordinating Department  
Accounting & Control Department  
Affiliate Administration &  
Risk Management Department

Wood Products & Materials Department  
Paper Materials & Products Department  
Tire & Rubber Department  
General Merchandise Department  
Organic Chemicals Department No.1  
Organic Chemicals Department No.2  
Inorganic Chemicals Department  
Plastics Department  
Life & Living Department



Signing Ceremony of the methanol project in Brunei

### Participation in the methanol project in Brunei

The Company agreed with Mitsubishi Gas Chemical Co, Inc. and Petroleum Brunei (a Brunei government agency) to produce 900,000 tons of methanol from natural gas supplied in Brunei. The joint venture agreement was signed in November 2005, and the joint venture company named Brunei Methanol Company Sdn Bhd was established in March 2006. The joint venture company is now accelerating its efforts for the operational launch scheduled in 2009. These efforts include the signing of the letter of intent with Brunei Shell Petroleum Sdn Bhd for supplying natural gas to the project. This is a resource development-type project that utilizes the cost-competitive natural gas. With the geographic advantage of being