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Chemicals, Forest Products & General Merchandise Company

The Chemicals, Forest Products & General Merchandise Company is comprised of two divisions and one department, which is under the direct control of this Division Company.

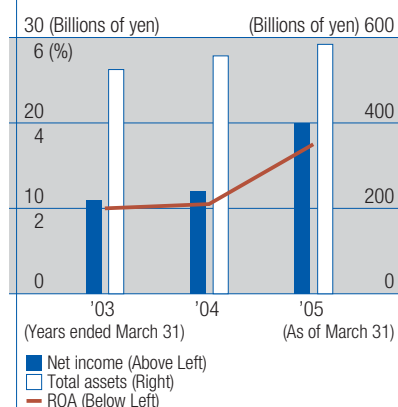
1. Forest Products & General Merchandise Division, for which the following businesses form the core components of profits: global trade in natural rubber and tires; building materials focused on Japan and the U.S. markets; forestation in Oceania and South America; pulp manufacturing in Brazil and the global pulp trade; and the manufacture and sale of ceramic materials and products.

2. Chemicals Division, which is engaged in trade in organic and inorganic chemicals and commodity resins; the sale of functional chemicals; pharmaceuticals, life science-related products, and synthetic resin products; and the processing business of synthetic resin both domestically and overseas.

3. Life & Living Department, which handles retail sales and retail support businesses for lifestyle goods.

Since we cover a wide range of businesses, we clearly distinguish the roles of each, including those of the group companies. We manifest our strengths through integrated global operations of products and services from upstream to downstream.

Financial Highlights



Our Forest Products & General Merchandise Division occupies the lead position among general trading companies in terms of gross trading profit, and net income for this fiscal year as well. Following fiscal year 2004, the Chemicals Division again achieved record-high profits in fiscal year 2005, assuming the lead in terms of ROA among general trading companies after reorganizing our portfolio to increase highly efficient assets.

Business Performance and Priority Policies in Fiscal Year 2005

The business environment for this period was favorable overall. Despite cost increases in the chip and pulp manufacturing business overseas due to a rise of the local currency and the negative impact due to demand adjustment in the electronic materials sector, demand was strong for building and other materials in both the U.S. and Japan. Continued high prices for the chemical products market also contributed to favorable results.

We remain committed to the midstream and retail fields and are strengthening upstream fields centering on large-scale projects. In the midstream and retail fields, our subsidiary I.C.S. Co., Ltd. acquired Autotech Corp., an auto accessories and supplies retailer. We also made a capital investment in the Japanese local subsidiary of China's largest pharmaceutical company, Sanjiu Enterprise Group, putting in place a structure for the development of the pharmaceuticals business in Chinese herbal medicine and