

Medium-Term Business Plan

KROSAKI HARIMA Corp. announced today its "Medium-Term Business Plan" covering fiscal years 2006 to 2008, which has been formulated with the following views:

. "Provide No.1 Value to Customers Worldwide"

~ Establishment of basic business structure toward key milestone, 100th anniversary in business ~

KROSAKI HARIMA was founded in 1918. Since its founding, KROSAKI HARIMA has been involved in the production and distribution of refractories as a key material for iron and steel industries and other fields. In the year 2003, the KROSAKI HARIMA Group formulated the Group's Mission Statement and set a new business goal of "Provide No.1 Value to Customers Worldwide".

KROSAKI HARIMA will mark its 90th anniversary in business in the last fiscal year of this medium-term business plan. In the formulation of the medium-term business plan, based on the common understanding about corporate strategies toward its 100th anniversary in business as a key milestone in the company's history, KROSAKI HARIMA made it a basic policy to focus on accelerating the establishment of a strong business structure for ensuring the business goal "Provide No.1 Value to Customers Worldwide".

II. Outline of Medium-Term Business Plan

Based on the general policy "Thorough Pursuit of Best Value to Customers", KROSAKI HARIMA will consistently deliver the best quality and reliability to customers with the greatest promptness in all of its business areas.

The business area previously called "Refractories business" has been changed to "Refractories Comprehensive Solutions Business". This is intended to promote more solution-oriented business which is closely linked to customers' needs while fully utilizing its business resources and know-how accumulated over the years, such as material/application technologies of refractories and related equipments. In addition, KROSAKI HARIMA will strategically strengthen the group's domestic and overseas manufacturing bases to offer a stable supply of products and services with the highest level of quality and cost performance in the world.

In "Ceramics business", KROSAKI HARIMA will thoroughly strengthen business promotion functions with a focus on the advanced ceramics area aiming to offer device components for electronics industries as its core product and living-space ceramics area aiming to offer pavement materials and housing materials, to create a stable revenue base serving as the second core business.

The KUROSAKI HARIMA Group will join together to establish stronger corporate structure. During this medium term, measures for strengthening group-wide internal controls will be implemented to further ensure compliance with the rules. Various measures for further improving a profit structure in a consolidated basis, particularly, with a focus on improvement in equity capital, will also be discussed and implemented. Major business benchmarks set as target values in the medium-term business plan are as follows.

[TARGET VALUES at the end of the last fiscal year of the medium term (the end of the fiscal year 2008)]

On the assumption that 80 billion JPY or more of consolidated net sales will continue (anticipated consolidated net sales in the fiscal year 2005: 84.6 billion JPY),

- Consolidated "ROA" : 4.5% or more *(4.0%)
- Consolidated "equity capital ratio" : 40.0% or more *(33.0%)
- Consolidated "D/E" : 0.3 or less *(0.45)

*Ref. (Anticipated value in the fiscal year 2005)

Note: • ROA(Return On Assets Ratio) = "current net earnings"/"gross asset")

• Equity Capital Ratio = "equity capital"/"gross capital"

• D/E(Debt Equity Ratio) = "debt with interest"/"equity capital"

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