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To Whom It May Concern:

Naoetsu Plant Explosion Report as of March 23

March 23, 2007

We would like to provide you with an updated report on the Naoetsu Plant which experienced an explosion accident on March 20. Any further information will be posted on our home page at www.metolose.jp

We apologize for any inconvenience you may have experienced because of this accident.

Status of damages at each manufacturing plant:

Metolose manufacturing plants

We have four manufacturing buildings and the explosion occurred at one of them. Since the plant area is still under investigation by the relevant authorities, the detailed situation inside the building is unknown. Based on its outward appearance, the building seems to have been seriously damaged.

Pharmacoat manufacturing plant

This plant is located just next to the building which experienced the explosion. Based on its outward appearance, the plant seems to have been seriously damaged.

HPMCP and HPMCAS manufacturing plant

Based on its outward appearance, the plant seems to not have been damaged at all, but this will need to be confirmed later.

L-HPC manufacturing plant

Based on its outward appearance, the plant seems to not have been damaged at all, but this will need to be confirmed later.

Expected shipping times from inventory:

We expect to resume shipments from inventory in next week.

Remarks:

Under the circumstances, we are unable to accept any new orders including any orders previously placed by you but not yet confirmed by us.

Resumption of plant operations:

The timing of the resumption of plant operations will depend on the decision of the relevant authorities. We will also need to investigate the extent of the damages suffered at each plant to estimate the time required to return the facilities to operational condition.

Again, we apologize sincerely for the accident and any inconvenience it may cause you.

Very truly yours,

Junichi Watanabe

Executive Officer, General Manager

Cellulose & Pharmaceutical Excipients Dept.