

# Fiscal 2006 Financial Results

– supplementary financial summary –

May 8, 2007

Asahi Kasei Corporation

## Consolidated results for FY 2006

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# Consolidated Results for Fiscal Year 2006

# Summary of financial results (i)

(¥ billion)

	FY 2005	FY 2006		FY2006 vs. FY2005		Actual vs. forecast	
		Actual	Forecast in Jan.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,498.6	1,623.8	1,617.0	125.2	+8.4%	6.8	+0.4%
Operating profit	108.7	127.8	125.0	19.1	+17.5%	2.8	+2.2%
Ordinary profit	104.2	126.5	121.0	22.3	+21.4%	5.5	+4.6%
Net income	59.7	68.6	68.0	8.9	+14.9%	0.6	+0.8%

	FY 2005	FY 2006	Increase (decrease)
At closing			
Total assets	1,376.0	1,459.9	83.9
Equity*	594.2	645.7	51.4
Interest-bearing debt	235.8	216.9	(18.9)
Debt/equity ratio	0.40	0.34	(0.06)

\* Equity at end of Mar. 2006 is the same as shareholders' equity. Equity at end of Mar. 2007 comprises shareholders' equity and valuation, translation adjustment and others.

# Summary of financial results (ii)

	FY 2005	FY 2006
Net income per share (EPS)	¥42.46	¥49.00
Dividends per share	¥10	¥12
Payout ratio	23.6%	24.5%
Net income per total assets (ROA)	4.5%	4.8%
Net income per shareholders' equity (ROE)	10.8%	11.1%
Shareholders' equity per share (BPS)	¥424.34	¥461.50

## Scope of consolidation

Number of consolidated subsidiaries	105	111
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	55	53

## Key operating factors

Naphtha price (¥/kL, domestic)	42,350	49,950
¥/US\$ exchange rate (market average)	113	117

Employees at year end	23,030	23,715
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# Statements of income

(¥ billion)

	FY 2005		FY 2006		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,498.6	100.0%	1,623.8	100.0%	125.2	+8.4
Cost of sales	1,127.5	75.2%	1,224.0	75.4%	96.5	+8.6
Gross profit	371.1	24.8%	399.8	24.6%	28.7	+7.7
Selling, general and administrative expenses	262.4	17.5%	271.9	16.7%	9.6	+3.7
Operating profit	108.7	7.3%	127.8	7.9%	19.1	+17.5
Non-operating expenses	(4.6)		(1.3)		3.3	
of which,						
financing income and expense	(1.1)		(1.2)		(0.1)	
equity in net earnings of unconsolidated subsidiaries and affiliates	0.5		2.6		2.1	
Ordinary profit	104.2	7.0%	126.5	7.8%	22.3	+21.4
Special gains and losses	(9.7)		(11.6)		(1.9)	
Income before income taxes and minority interest	94.5	6.3%	114.9	7.1%	20.4	+21.6
Income taxes	(34.5)		(45.8)		(11.3)	
Minority interest in income of consolidated subsidiaries	(0.3)		(0.5)		(0.2)	
Net income	59.7	4.0%	68.6	4.2%	8.9	+14.9

# Financing activity

## Financing income and expenses

(¥ billion)

	FY 2005	FY 2006	Increase (decrease)
Interest expense	(3.6)	(4.1)	(0.5)
Interest income	0.4	0.5	0.1
Dividend income	2.2	2.5	0.3
Others	(0.2)	(0.1)	0.1
Total	(1.1)	(1.2)	(0.1)

## Interest-bearing debt

(¥ billion)

	FY 2005	FY 2006	Increase (decrease)
Short-term borrowings	56.2	63.8	7.6
Long-term borrowings	72.3	69.1	(3.2)
Bonds	107.0	84.0	(23.0)
Others	0.3	–	(0.3)
Total	235.8	216.9	(18.9)

# Special gains and losses

(¥ billion)

	FY 2005	FY 2006	Increase (decrease)
Special gains			
Gain on sales of investment securities	–	1.5	1.5
Gain on sales of property, plant and equipment	5.7	0.9	(4.8)
Reversal of allowance for doubtful accounts	0.2	–	(0.2)
Gain on change in equity	–	0.7	0.7
<b>Total special gains</b>	<b>5.9</b>	<b>3.1</b>	<b>(2.8)</b>
Special losses			
Loss on sales of investment securities	0.9	–	(0.9)
Loss on write-down of investment securities	0.7	0.7	(0.0)
Loss on disposal of property, plant and equipment	7.0	9.1	2.0
Loss on impairment of assets	3.8	0.2	(3.6)
Restructuring charges	3.2	4.8	1.6
<b>Total special losses</b>	<b>15.6</b>	<b>14.7</b>	<b>(0.9)</b>
<b>Net special gains (losses)</b>	<b>(9.7)</b>	<b>(11.6)</b>	<b>(1.9)</b>

# Balance sheets

(¥ billion)

	At end of Mar. 2006	At end of Mar. 2007	Increase (decrease)		At end of Mar. 2006	At end of Mar. 2007	Increase (decrease)
Current assets	644.2	723.0	78.8	Liabilities	774.9	806.4	31.5
Cash on hand and in banks	86.4	101.5	15.1	Current liabilities	439.7	503.6	63.8
Notes and accounts receivable, trade	269.5	300.4	30.9	Long-term liabilities	335.2	302.8	(32.4)
Inventories	214.1	240.0	25.9	Minority interest in consolidated subsidiaries	6.9		
Other current assets	74.2	81.1	6.9	Shareholders' equity	594.2		
Fixed assets	731.9	736.9	5.1	Common stock	103.4		
Property, plant and equipment	414.4	427.0	12.6	Capital surplus	79.4		
Intangible fixed assets	33.1	28.5	(4.6)	Retained earnings	342.4		
Investments and other assets	284.4	281.5	(2.9)	Others	86.3		
				Treasury stock, at cost	(17.3)		
				Total liabilities and shareholders' equity	1,376.0		
				Net assets		653.5	
				Shareholders' equity		561.8	
				Common stock		103.4	
				Capital surplus		79.4	
				Retained earnings		380.5	
				Treasury stock, at cost		(1.5)	
				Valuation, translation adjustment and others		83.9	
				Minority interest in consolidated subsidiaries		7.9	
Total assets	1,376.0	1,459.9	83.9	Total liabilities and net assets		1,459.9	

# Cash flows and primary investments

## Cash flows

(¥ billion)

	FY 2005	FY 2006
a. Cash flows from operating activities	108.6	128.4
b. Cash flows from investing activities	(60.4)	(81.3)
c. Free cash flows [a+b]	48.2	47.1
d. Cash flows from financing activities	(30.9)	(36.0)
e. Effect of exchange rate changes on cash and cash equivalents	0.4	0.6
f. Net increase in cash and cash equivalents [c+d+e]	17.8	11.7
g. Cash and cash equivalents at beginning of year	68.5	86.4
h. Cash and cash equivalents held by newly consolidated subsidiaries	0.1	3.6
I. Cash and cash equivalents at end of year [f+g+h]	86.4	101.7

## Primary investments

(¥ billion)

	FY 2005	FY 2006
Capital expenditures, fixed assets	59.1	78.8
Capital expenditures, intangible fixed assets	7.2	5.6
Depreciation and amortization	69.4	71.6
R&D expenditures	51.5	52.4

# FY 2006 vs. FY 2005 sales and operating profit by segment

(¥ billion)

	Sales			Operating profit		
	FY 2005	FY 2006	Increase (decrease)	FY 2005	FY 2006	Increase (decrease)
Chemicals	660.4	752.6	92.2	40.5	52.0	11.5
Life & Living	51.9	52.6	0.6	4.8	4.6	(0.2)
Homes	404.5	405.7	1.2	28.2	27.5	(0.7)
Pharma	105.8	104.5	(1.4)	11.1	13.9	2.8
Fibers	89.7	106.6	16.9	4.0	4.2	0.1
Electronics Materials & Devices	102.9	112.1	9.2	19.3	22.6	3.3
Construction Materials	56.5	60.8	4.3	3.8	5.0	1.2
Services, Engineering and Others	26.8	28.9	2.1	3.3	3.9	0.6
Corporate Expenses and Eliminations	—	—	—	(6.3)	(5.8)	0.5
<b>Total</b>	<b>1,498.6</b>	<b>1,623.8</b>	<b>125.2</b>	<b>108.7</b>	<b>127.8</b>	<b>19.1</b>

# Overseas sales by segment

(¥ billion)

	FY 2005			FY 2006			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	660.4	281.8	42.7	752.6	312.1	41.5	30.2	+10.7
Life & Living	51.9	4.9	9.4	52.6	5.1	9.7	0.2	+3.9
Homes	404.5	–	–	405.7	–	–	–	–
Pharma	105.8	21.7	20.5	104.5	25.5	24.5	3.9	+17.8
Fibers	89.7	23.3	26.0	106.6	33.5	31.4	10.2	+43.5
Electronics Materials & Devices	102.9	39.2	38.1	112.1	47.0	42.0	7.8	+20.0
Construction Materials	56.5	–	–	60.8	–	–	–	–
Services, Engineering and Others	26.8	2.3	8.4	28.9	4.8	16.7	2.6	+114.2
<b>Total</b>	<b>1,498.6</b>	<b>373.2</b>	<b>24.9</b>	<b>1,623.8</b>	<b>428.0</b>	<b>26.4</b>	<b>54.9</b>	<b>+14.7</b>
Sales to East Asia*		222.4	14.8		245.3	15.1	22.9	+10.3

Sales, excluding Homes and  
Construction Materials

1,037.6    373.2    36.0    1,157.3    428.0    37.0

\* China (including Hong Kong), Korea and Taiwan.

# Sales increases/decreases by segment

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	FY 2005	FY 2006	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	660.4	752.6	31.1	57.4	5.2	3.8	92.2
Life & Living	51.9	52.6	0.6	0.0	0.0	0.0	0.6
Homes	404.5	405.7	(9.5)	15.3	–	(4.6)	1.2
Pharma	105.8	104.5	1.2	(5.7)	0.6	3.1	(1.4)
Fibers	89.7	106.6	5.0	1.1	0.7	10.9	16.9
Electronics Materials & Devices	102.9	112.1	20.2	(11.0)	0.8	0.0	9.2
Construction Materials	56.5	60.8	3.1	1.2	–	0.0	4.3
Services, Engineering and Others	26.8	28.9	2.1	0.0	0.0	0.0	2.1
<b>Total</b>	<b>1,498.6</b>	<b>1,623.8</b>	<b>53.7</b>	<b>58.3</b>	<b>7.3</b>	<b>13.2</b>	<b>125.2</b>

# Operating profit increases/decreases by segment **AsahiKASEI**

(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	FY 2005	FY 2006	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	40.5	52.0	4.6	57.4	5.2	(50.5)	11.5
Life & Living	4.8	4.6	0.4	0.0	0.0	(0.6)	(0.2)
Homes	28.2	27.5	(2.9)	15.3	–	(13.1)	(0.7)
Pharma	11.1	13.9	3.6	(5.7)	0.6	5.0	2.8
Fibers	4.0	4.2	1.1	1.1	0.7	(2.0)	0.1
Electronics Materials & Devices	19.3	22.6	9.9	(11.0)	0.8	4.4	3.3
Construction Materials	3.8	5.0	0.7	1.2	–	(0.7)	1.2
Services, Engineering and Others	3.3	3.9	1.1	0.0	0.0	(0.5)	0.6
Corporate expenses and eliminations	(6.3)	(5.8)	–	–	–	0.5	0.5
<b>Total</b>	<b>108.7</b>	<b>127.8</b>	<b>18.3</b>	<b>58.3</b>	<b>7.3</b>	<b>(57.5)</b>	<b>19.1</b>

# Forecast for fiscal year 2007

# Consolidated operating performance

(¥ billion)

	FY 2005	FY 2006			FY 2007 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,498.6	768.9	854.9	1,623.8	802.0	880.0	1,682.0	58.2
Operating profit*	108.7	50.7	77.1	127.8	50.0	76.0	126.0	(1.8)
Ordinary profit	104.2	48.8	77.7	126.5	49.5	74.0	123.5	(3.0)
Net income	59.7	29.0	39.6	68.6	25.5	44.5	70.0	1.4

Naphtha price (¥/kL, domestic)	42,350	51,450	48,450	49,950	55,000	55,000	55,000	5,050
¥/US\$ exchange rate (market average)	113	115	119	117	115	115	115	(2)

	FY 2005	FY 2006	FY 2007
Dividends per share	¥10	¥12	¥13 (planned)
Payout ratio	23.6%	24.5%	26.0%

\* For FY 2007, including ¥4.7 billion reduction as an effect of revision of standards for depreciation of fixed assets.

# Sales forecast by segment

(¥ billion)

	FY 2006			FY 2007 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	394.2	411.0	805.2	421.0	410.0	831.0	25.8
Homes	169.1	236.6	405.7	169.0	241.0	410.0	4.3
Pharma	51.1	53.4	104.5	54.0	55.0	109.0	4.5
Fibers	50.6	56.0	106.6	55.0	60.0	115.0	8.4
Electronics Materials & Devices	56.4	55.7	112.1	58.0	65.0	123.0	10.9
Construction Materials	30.6	30.2	60.8	31.0	32.0	63.0	2.2
Services, Engineering and Others	16.9	12.0	28.9	14.0	17.0	31.0	2.1
Consolidated	768.9	854.9	1623.8	802.0	880.0	1682.0	58.2

\* For comparison purposes, FY 2006 results are shown inclusive of the Life & Living segment which was integrated with the Chemicals segment in April 2007.

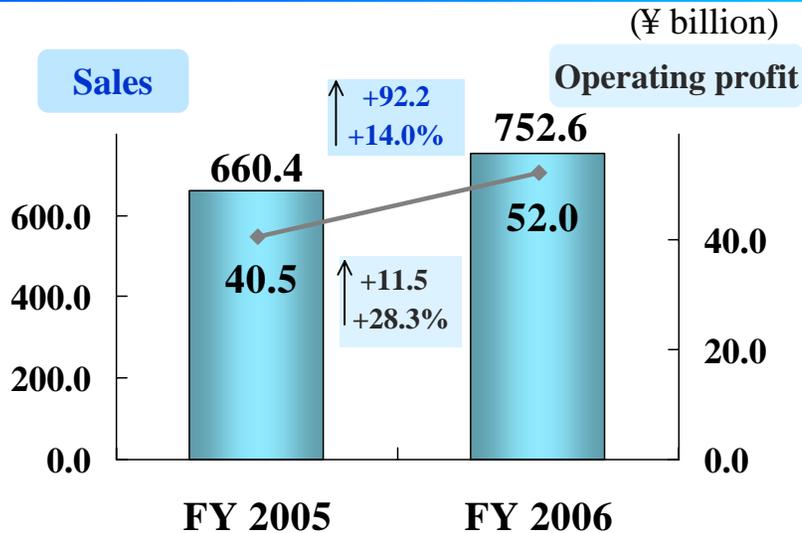
# Operating profit forecast by segment

(¥ billion)

	FY 2006			FY 2007 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	22.8	33.8	56.6	27.5	29.0	56.5	(0.1)
Homes	5.4	22.1	27.5	5.0	24.0	29.0	1.5
Pharma	7.2	6.7	13.9	5.5	6.0	11.5	(2.4)
Fibers	1.3	2.9	4.2	2.0	3.5	5.5	1.3
Electronics Materials & Devices	12.4	10.3	22.6	10.5	13.0	23.5	0.9
Construction Materials	2.5	2.5	5.0	2.5	3.0	5.5	0.5
Services, Engineering and Others	2.3	1.5	3.9	2.0	2.0	4.0	0.1
Corporate Expenses and Eliminations	(3.2)	(2.6)	(5.8)	(5.0)	(4.5)	(9.5)	(3.7)
Consolidated	50.7	77.1	127.8	50.0	76.0	126.0	(1.8)

\* For comparison purposes, FY 2006 results are shown inclusive of the Life & Living segment which was integrated with the Chemicals segment in April 2007.

# Appendix



## Review of operations

Higher feedstock costs. Higher volume products sales prices. Increased shipments of specialty products. Sales and operating profit increase.

### Volume products:

Higher feedstock costs. Higher sales prices. Strong overseas demand. Sales and operating profit increase.

- *Chemicals and derivative products*

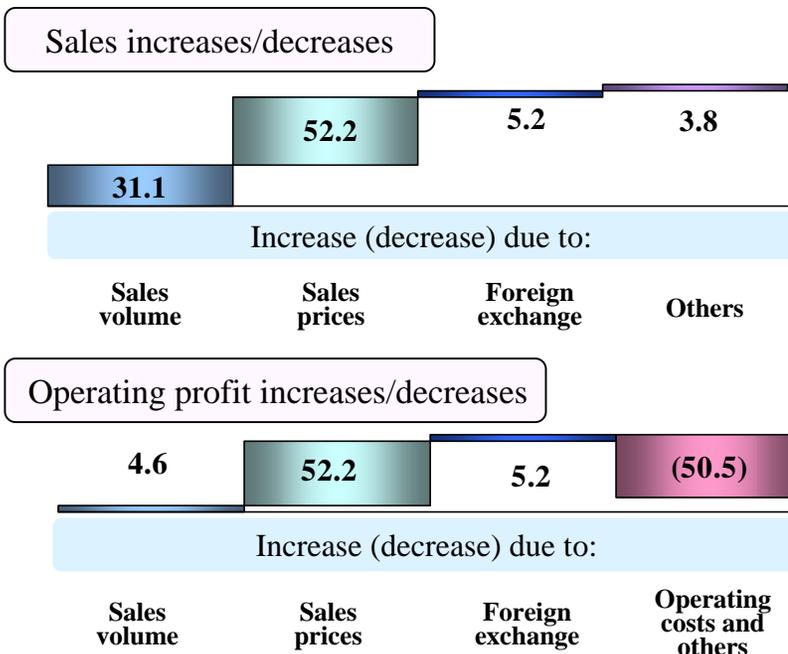
Sharp rise in market price of adipic acid due to tight market balance. Strong overseas demand for acrylonitrile (AN) and styrene. Sales and operating profit increase.

- *Polymer products*

Increased profitability of Leona™ nylon 66 resin and filament. Sales and operating profit increase.

### Specialty products:

Increased shipments of Hipore™ Li-ion rechargeable battery separators following plant expansion. Export of membrane-process chlor-alkali electrolyzers to China. Increased shipments of ion-exchange membranes for chlor-alkali. Sales and operating profit increase.



## Results of specialty products

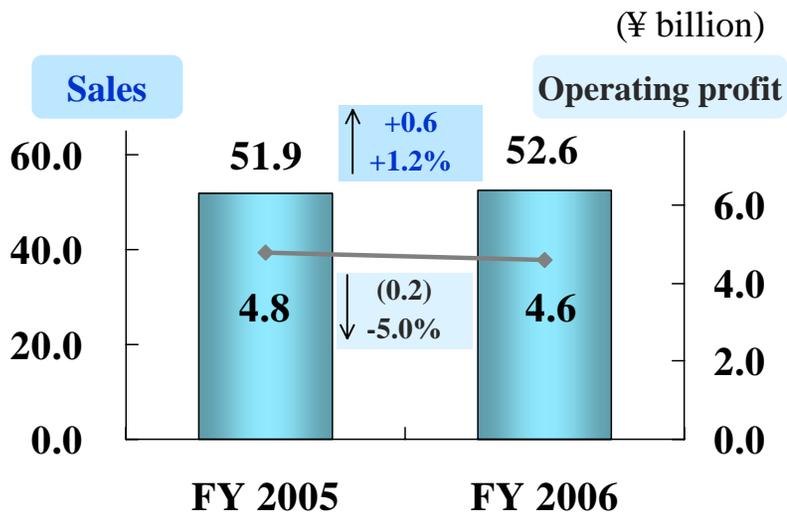
(¥ billion)

	FY 2005		FY 2006	
	Sales	Operating profit	Sales	Operating profit
Chemicals total	660.4	40.5	752.6	52.0
Of which, specialty products*	117.8	18.8	131.3	20.5

\* Unaudited, simplified calculation.

## Highlights

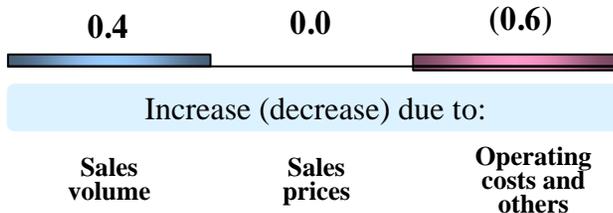
- May, market launch of Pellicer™ functional additive for personal care products.
- June, start of propylene production by Omega Process.
- July, start of operation at Asahi Kasei NS Energy, new joint venture for power generation.
- Aug., agreement to transfer polystyrene joint venture shares to Dow Chemical.
- Oct., start-up of new line for Hipore™ Li-ion rechargeable battery separators.
- Nov., technology for decomposition of N<sub>2</sub>O recognized with Environment Minister's Award for prevention of global warming.
- Dec., project to use SDA pitch for power generation in Mizushima selected for NEDO (New Energy and Industrial Technology Development Organization) support for energy conservation.
- Dec., start-up of new plant in China for assembly of Microza™ microfiltration (MF).
- Jan., Microza™ MF system selected for selected for largest-scale waterworks in the US.
- Jan., integration of fertilizer R&D and production operations in joint venture with Chisso.
- Jan., start-up of commercial operation for validation of propane process for AN at Korean subsidiary Tong Suh Petrochemical.
- Feb., decision to close 150,000 ton/year styrene line in October 2007.
- Feb., decision to increase capacity for ion-exchange membranes for chlor-alkali, with completion in June 2008.



### Sales increases/decreases



### Operating profit increases/decreases



## Review of operations

### Home-use products:

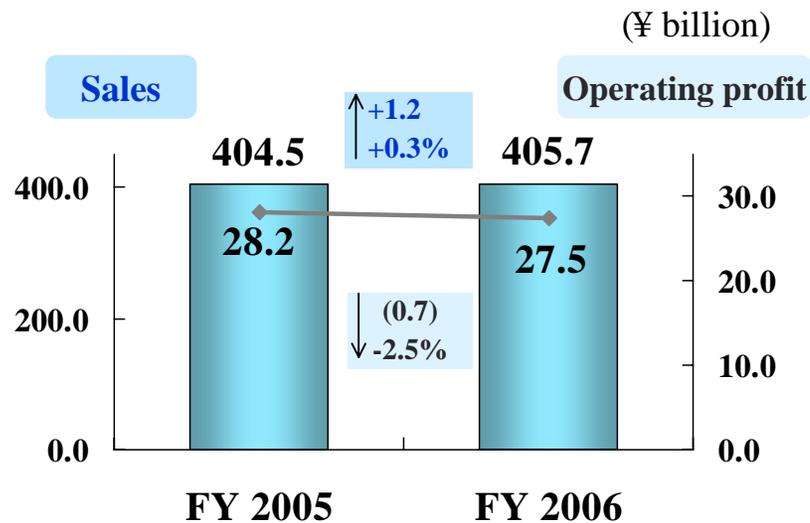
Increased shipments of Saran Wrap™ cling film and Saran™ fiber; sales increase. Higher feedstock and packaging costs, increased advertising expenses; operating profit decrease.

### Packaging products:

Sales on par with a year ago. Higher feedstock costs. Operating profit decrease.

## Highlights

- July, market launch of Saran Wrap™ with limited-edition summer packaging in Tohoku and Shikoku regions.
- Sep., market launch of Cookper™ sheets which adsorb scum and oil from the surface of soups and stews.
- Dec., market launch of Saran Wrap™ with second limited-edition packaging in Tohoku and Shikoku regions.
- Apr. 2007, integration with Chemicals.



Results by product category\*

	FY 2005		FY 2006		Increase (decrease)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Order-built homes	319.4	/	317.6	/	(1.9)	/
Pre-built homes	33.6		28.9		(4.6)	
Total homes	353.0	24.3	346.5	22.3	(6.5)	(2.0)
Housing-related	51.5	3.9	59.2	5.2	7.7	1.3
Total	404.5	28.2	405.7	27.5	1.2	(0.7)

\* Product category division unaudited, simplified calculation.

## Review of operations

Strong results in housing-related operations. Fewer deliveries of order-built homes and condominiums. Sales increase, operating profit decrease.

### Housing operations:

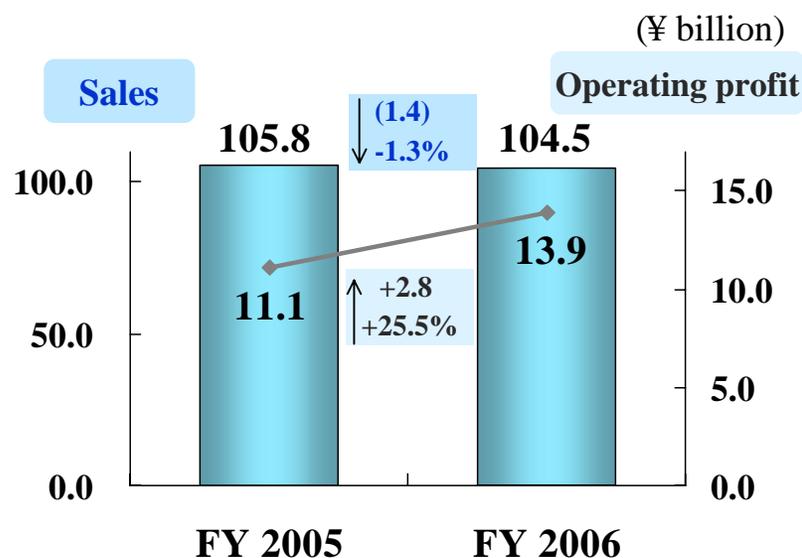
- Higher unit prices of order-built homes. Fewer deliveries of order-built homes and condominiums. Sales and operating profit decrease.
- General climate for new orders for order-built homes severe from Q2 on. Fewer orders from first-time buyers with rising land prices in urban areas. Orders 3.2% lower than a year ago.

### Housing-related operations:

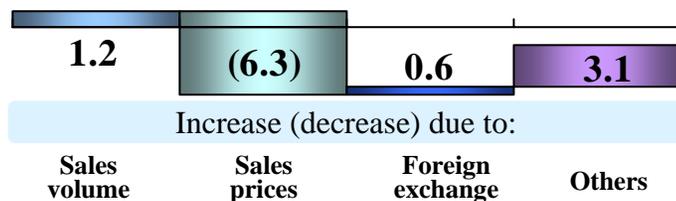
Increased maintenance work in remodeling operations.  
Rising income from rentals in real estate operations.  
Sales and operating profit increase.

## Highlights

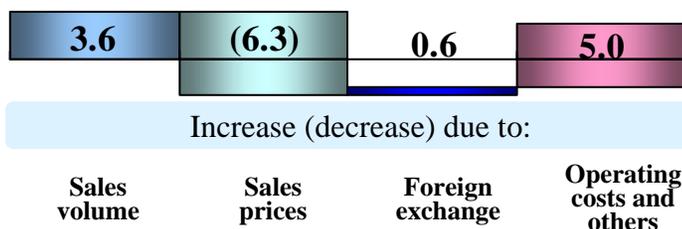
- Aug., start of materials procurement alliance with Sumitomo Forestry and Mitsui Home.
- Sep., market launch of Hebel Haus Greenplus™, long life homes with rich greenery in a confined urban setting.
- Jan., market launch of Hebel Haus Luft™ long life homes with comfortable living space for the senior couple.
- Nov., groundbreaking for housing R&D center in Fuji with completion in October 2007.
- Mar., introduction of new sealing compound and paint with 30-year durability.



### Sales increases/decreases



### Operating profit increases/decreases



## Review of operations

### Pharmaceuticals:

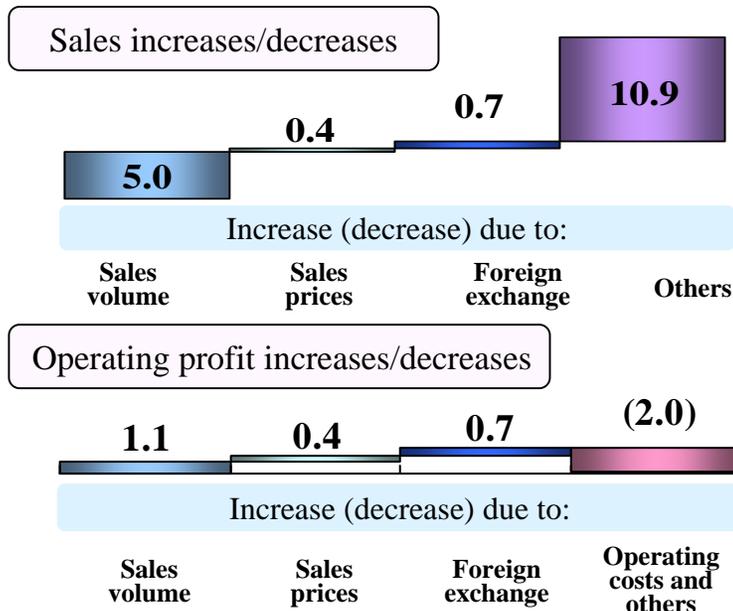
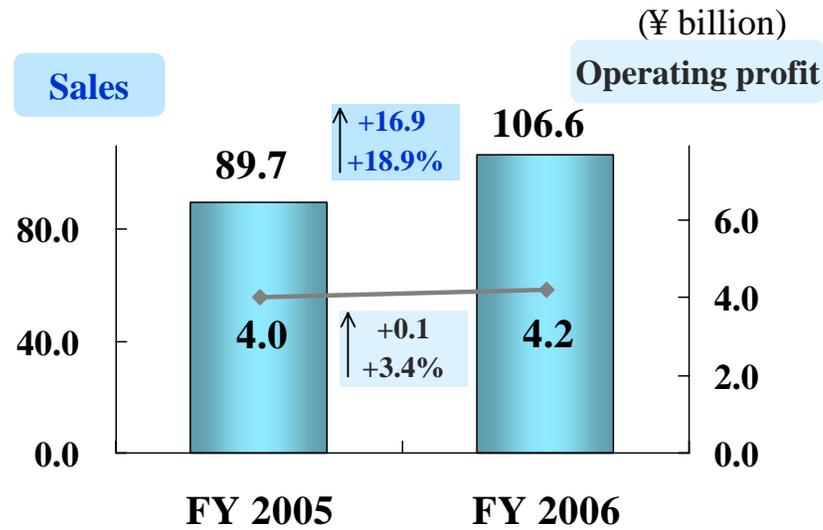
Reimbursement price cuts, decreased shipments of pharmaceutical intermediates; sales decrease. Licensing income for fasudil hydrochloride *rho*-kinase inhibitor; operating profit increase.

### Devices:

Increased shipments of APS™ polysulfone-membrane artificial kidneys and Planova™ virus removal filters. Measures to reduce operating costs. Sales and operating profit increase.

## Highlights

- Apr., decision to expand artificial kidney assembly plant in China with completion in May 2007.
- June, licensing of rights to develop and commercialize oral and inhaled formulations of fasudil hydrochloride to CoTherix of the US.
- Sep., application for Japanese regulatory approval to market ART-123 recombinant human thrombomodulin. Licensing of ART-123 for overseas development.
- Oct., start of construction to expand plant for Planova™ virus removal filters with completion in October 2007.
- Dec., basic agreement with Kuraray Medical for integration of dialyzer and other device businesses in October 2007.
- Feb., expansion of Nagoya Pharmaceuticals Plant completed.
- Mar., licensing of rights to develop and market fasudil hydrochloride in Korea to Eisai.



## Review of operations

Elastic polyurethane filament:

Increased shipments of Roica™, improved market conditions, and inclusion of the Dorlastan™ business acquired from Lanxess; sales increase. Dorlastan™ business operated at a loss; operating profit decrease.

Bemberg™ cupro:

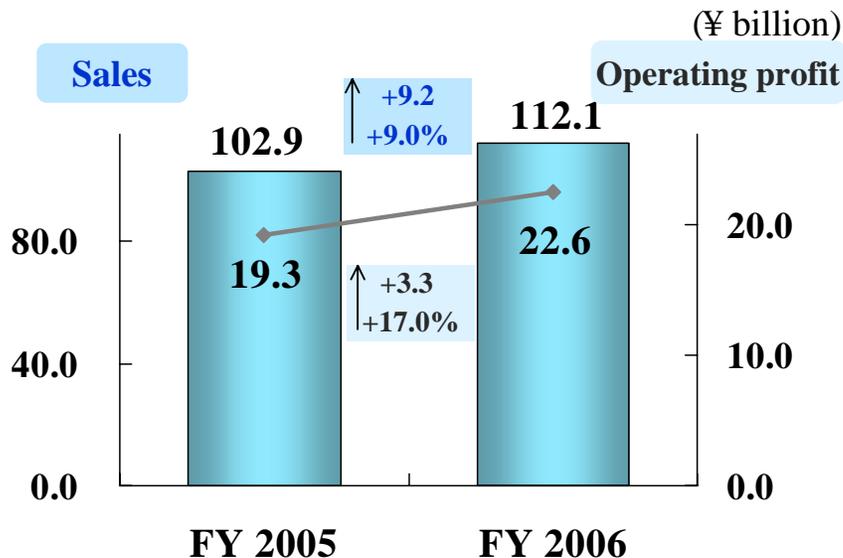
Increased exports. Sales and operating profit increase.

Nonwovens:

High feedstock costs. Increased shipments of Lamous™ artificial suede in car seat applications. Sales and operating profit increase.

## Highlights

- Aug., market launch of Precisé™, a new nonwoven; construction of dedicated plant begun.
- Feb., market launch of Roica™ HP, the eighth in the series of Roica™ performance yarns, featuring high inter-yarn adhesion upon heat setting.
- Mar., launch of Asahi Kasei China Fashion Designer Creation Awards.



## Review of operations

Electronics devices:

Strong demand in cell phone and home electronics applications. Increased shipments of LSIs and magnetic sensors. Sales and operating profit increase.

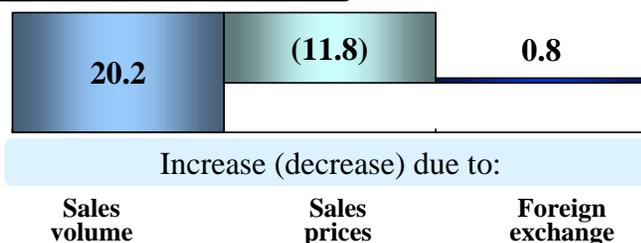
Electronics materials:

Increased shipments of Sunfort™ photosensitive dry film resist (DFR) following large expansion of production capacity. Increased shipments of ultra-thin grades of glass fabric for printed wiring boards. Sales and operating profit increase.

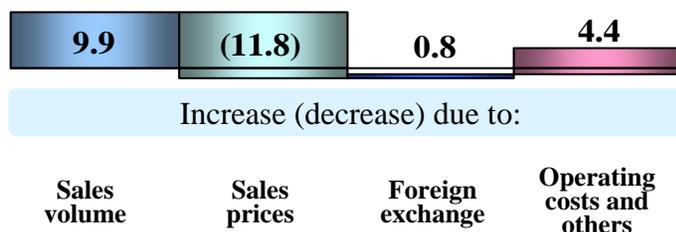
## Highlights

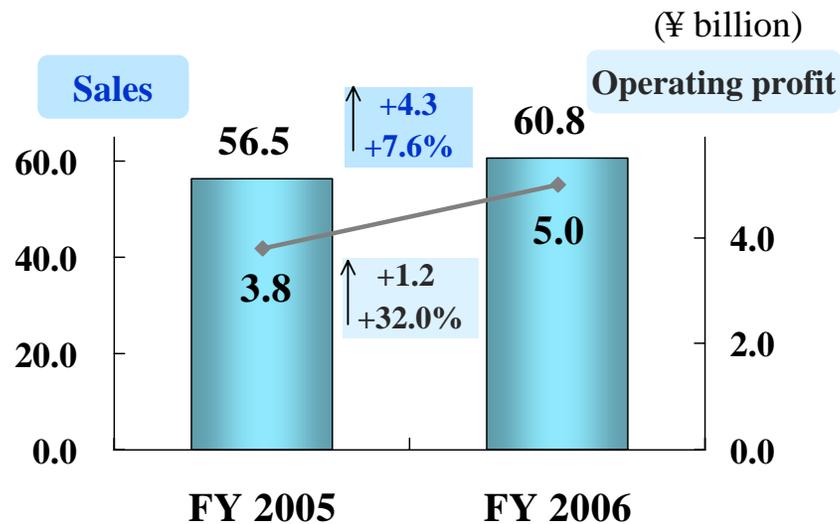
- July, expansion of Sunfort™ DFR plant in China.
- July, joint development of information retrieval system with real-time 3D location imaging and cell phone point-and-click functionality.
- Sep., start-up of subsidiary in Taiwan for sales of photomask pellicles.
- Dec., start-up of new plant for compound semiconductor thin films in Fuji.
- Mar., development of world's smallest and thinnest three-axis electronic compass.
- Apr. 2007, R&D, marketing, and sales functions of Asahi-Schwebel, Asahi Kasei Electronics, and Asahi Kasei Microsystems transferred to Asahi Kasei EMD.

### Sales increases/decreases



### Operating profit increases/decreases





Sales increases/decreases



Operating profit increases/decreases



## Review of operations

Building materials and housing materials:

Higher feedstock and fuel costs for Hebel™ autoclaved lightweight concrete (ALC) panels. Operating cost reductions. Higher sales prices. Sales and operating profit increase.

Insulation materials:

Increased shipments with expansion of user base for Neoma™ high-performance phenolic foam panels. Sales and operating profit increase.

Foundation systems:

Expansion of new applications for Eazet™ and ATT Column™ piles for small-scale construction. Sales and operating profit increase.

## Highlights

- May, market launch of DynaWing™ piling system featuring minimal soil disposal and high bearing capacity.
- Sep., market launch of Freedomut™ system for reinforcement of openings to pass plumbing/wiring through I-beams.
- Oct., start of TV commercial campaign for Neoma™ insulation panels.

# Primary investments by segment

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2005	FY 2006	FY 2007 forecast	FY 2005	FY 2006	FY 2007 forecast	FY 2005	FY 2006	FY 2007 forecast
Chemicals	26.6	42.6	43.5	31.3	31.9	79.0	14.8	15.6	60.0
Life & Living	4.7	3.5		4.4	4.2		2.5	2.6	
Homes	3.6	2.7	8.5	2.4	2.4		1.5	1.6	
Pharma	4.9	5.7	12.0	6.4	6.6		13.5	13.1	
Fibers	5.4	6.4	7.5	5.3	5.3		2.1	3.1	
Electronics Materials & Devices	15.0	16.2	17.0	12.1	13.4		9.7	10.3	
Construction Materials	2.3	2.3	3.0	3.1	3.0		0.8	0.8	
Services, Engineering and Others	1.0	0.8	1.5	0.7	0.7		0.1	0.0	
Corporate assets and eliminations	2.8	4.3	5.0	3.7	4.2		6.5	5.3	
<b>Total</b>	<b>66.3</b>	<b>84.4</b>	<b>98.0</b>	<b>69.4</b>	<b>71.6</b>	<b>79.0</b>	<b>51.5</b>	<b>52.4</b>	<b>60.0</b>

## Completed in FY 2006

- LSIs – finer process plant at Asahi Kasei Microsystems in Nobeoka, May.\*
- LSIs – plant expansions at Asahi Kasei Microsystems in Nobeoka, Jul.\*
- Power generation – new plant at Asahi Kasei NS Energy in Nobeoka, Jul.\*
- Sunfort™ photosensitive dry film resist for printed wiring board – 100 million m<sup>2</sup>/y capacity increase in Suzhou, China, Jul.
- Hipore™ Li-ion rechargeable battery separator – 36 million m<sup>2</sup>/y capacity increase in Moriyama, Oct.\*
- Microza™ microfiltration membranes – new 30 thousand module/year assembly plant in Hangzhou, China, Dec.
- Extruded sheet for light diffusion plates – new 4 kt/y plant in Korea, Dec.
- Roica™ spandex – installation of Roica™ production equipment at Asahi Kasei Spandex Europe plant in Germany, Dec.
- Acrylonitrile (AN) – application of propane process at one AN line of Tong Suh Petrochemical in Korea, Jan.

\* Investment of ¥3 billion or more.

## Under construction at FY 2006 year-end

- Roica™ spandex – installation of Roica™ production equipment at Asahi Kasei Spandex America plant, May 07.
- APS™ polysulfone-membrane hemodialyzers – 3.6 million module/y capacity increase of assembly plant in Hangzhou, China, May 07.
- Duranate™ hexamethylene diisocyanate – new 10 kt/y plant in Nantong, China, spring 07.\*
- Precisé™ nonwovens – new 2 kt/y plant in Moriyama, autumn 07.
- Planova™ virus removal filters – 20,000 m<sup>2</sup>/year capacity expansion in Nobeoka, Oct. 07.
- Homes – establishment of housing R&D center in Fuji, Oct. 07.\*
- Photomask pellicles – capacity expansion in Nobeoka, Nov. 07.
- EVOH hollow-fiber membrane for hemodialyzers – new 4 million module/y plant in Nobeoka at A-K Membrane Manufacturing, May 08.
- Power generation – new boiler using SDA pitch in Mizushima, NEDO-supported energy conservation project, July 09.\*

# Major subsidiaries

	FY 2006 results				FY 2007 forecast		
	Sales (¥ billion)		Operating profit		Sales	Operating profit	
Asahi Kasei Medical	43.1	<u>increase</u>	<u>profit</u>	<u>increase</u>	<u>increase</u>	<u>profit</u>	<u>increase</u>
Asahi Kasei Microsystems	57.2	<u>increase</u>	<u>profit</u>	<u>increase</u>	<i>Forecast omitted due to April 2007 transfer of R&amp;D, marketing, and sales functions to Asahi Kasei EMD.</i>		
Asahi Kasei Electronics	10–15	increase	<u>profit</u>	<u>increase</u>			
Asahi-Schwebel	10–15	increase	<u>profit</u>	<u>increase</u>			

Notes:

- Sales increase/decrease on year ago underlined if ¥1 billion or more.
- Profit increase/decrease on year ago underlined if ¥0.5 billion or more.
- Profit/loss underlined if ¥0.5 billion or more.

## Asahi Kasei Medical

**FY 06:** Increased shipments of APS™ polysulfone-membrane artificial kidneys following capacity expansion. Increased shipments of Planova™ virus removal filters. Operating cost reductions. Sales and operating profit increase.

**FY 07 forecast:** Sales and operating profit increase with higher shipments of APS™ and Planova™.

## Asahi Kasei Microsystems

**FY 06:** Some effect of inventory adjustment among customers in H2. Generally strong demand in cell phone and home electronics applications. Sales and operating profit increase.

## Asahi Kasei Electronics

**FY 06:** Hall elements – favorable currency exchange rates and sales growth for new products. Hall ICs – sales growth in cell phone applications. Sales and operating profit increase.

## Asahi-Schwebel, including Asahi-Schwebel Taiwan

**FY 06:** Some effect of inventory adjustment among customers in H2. Increased shipments of high value-added ultra-thin glass cloth grades. Sales and operating profit increase.

# Homes (i)

## Sales and order trends

(¥ billion, % change from same period of previous year shown at right)

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes	Other sales*	Unconsolidated	Consolidated subsidiaries	Consolidated	Order backlog
FY 02	H1	139.3 (-1.7%)	121.9 (-15.8%)	6.5 (-13.3%)	–	128.4 (-15.7%)	19.6 (+12.6%)	148.0 (-12.8%)	273.3
	H2	150.0 (+14.2%)	141.4 (-2.4%)	10.2 (+13.3%)	–	151.6 (-1.5%)	21.0 (+11.1%)	172.6 (-0.1%)	282.0
	annual	289.3 (+6.0%)	263.3 (-9.1%)	16.7 (+1.2%)	–	280.0 (-8.6%)	40.6 (+11.8%)	320.6 (-6.4%)	
FY 03	H1	161.4 (+15.9%)	121.2 (-0.6%)	5.2 (-17.8%)	0.5	126.9 (-1.3%)	20.9 (+6.6%)	147.8 (-0.1%)	322.2
	H2	156.7 (+4.5%)	159.9 (+13.1%)	30.8 (+200.9%)	0.6	191.2 (+26.0%)	22.3 (+6.2%)	213.5 (+23.7%)	319.0
	annual	318.1 (+9.9%)	281.1 (+6.8%)	36.0 (+117.0%)	1.1	318.2 (+13.5%)	43.1 (+6.2%)	361.3 (+12.7%)	
FY 04	H1	153.1 (-5.2%)	138.9 (+14.6%)	6.6 (+25.3%)	0.5	146.0 (+15.0%)	21.3 (+1.9%)	167.3 (+13.2%)	333.2
	H2	148.7 (-5.1%)	171.9 (+7.5%)	13.6 (-55.9%)	0.6	186.0 (-2.8%)	22.5 (+0.9%)	208.5 (-2.3%)	310.1
	annual	301.8 (-5.1%)	310.7 (+10.6%)	20.1 (-44.1%)	1.1	332.0 (+4.3%)	43.8 (+1.6%)	375.8 (+4.0%)	
FY 05	H1	150.4 (-1.7%)	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	24.3 (+14.1%)	185.3 (+10.8%)	320.4
	H2	162.9 (+9.5%)	179.3 (+4.3%)	13.1 (-3.6%)	0.6	193.0 (+3.8%)	26.1 (+16.0%)	219.2 (+5.1%)	304.0
	annual	313.3 (+3.8%)	319.4 (+2.8%)	33.6 (+67.0%)	1.1	354.1 (+6.7%)	50.4 (+15.1%)	404.5 (+7.7%)	
FY 06	H1	156.1 (+3.7%)	134.7 (-3.9%)	6.0 (-70.9%)	0.5	141.1 (-12.4%)	28.0 (+15.2%)	169.1 (-8.7%)	325.3
	H2	147.3 (-9.6%)	182.9 (+2.0%)	23.0 (+75.8%)	0.5	206.4 (+6.9%)	30.2 (+15.7%)	236.6 (+7.9%)	289.8
	annual	303.4 (-3.2%)	317.6 (-0.6%)	28.9 (-13.8%)	1.0	347.5 (-1.9%)	58.2 (+15.5%)	405.7 (+0.3%)	
FY 07 forecast		310.0 (+2.2%)	317.0 (-0.2%)	26.0 (-10.2%)	1.0	344.0 (-1.0%)	66.0 (+13.4%)	410.0 (+1.1%)	282.8

\* Including commissions on property insurance.

## Breakdown of FY 2006 sales and orders

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	201.6	+1.7%	7,646	-3.4%	188.4	-6.3%	6,614	-15.4%
	3+ story	83.6	-6.7%	3,160	-14.1%	74.0	-7.0%	2,663	-12.8%
	Total	285.2	-1.0%	10,806	-6.8%	262.4	-6.5%	9,277	-14.7%
Multi-dwelling homes	1-2 story	10.9	-7.6%	1,152	-1.4%	14.1	+22.1%	1,447	+17.9%
	3+ story	21.5	+9.0%	2,206	+13.8%	26.9	+26.4%	2,472	+12.5%
	Total	32.4	+2.8%	3,358	+8.1%	41.0	+24.9%	3,919	+14.5%
Order-built homes total		317.6	-0.6%	14,164	-3.7%	303.4	-3.2%	13,196	-7.7%
Pre-built homes (including condominiums)		28.9	-13.8%	850	-12.1%	–	–	–	–
Other sales*		1.0	-6.9%	–	–	–	–	–	–
Total		347.5	-1.9%	15,014	-4.2%	303.4	-3.2%	13,196	-7.7%
Consolidated subsidiaries		58.2	+15.5%	–	–	–	–	–	–
Consolidated		405.7	+0.3%	15,014	-4.2%	303.4	-3.2%	13,196	-7.7%

\* Including commissions on property insurance.

# Homes (iii)

## Breakdown of sales and orders forecast for FY 2007

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	202.3	+0.3%	7,690	+0.6%	193.5	+2.7%	6,900	+4.3%
	3+ story	81.9	-2.0%	3,270	+3.5%	75.3	+1.7%	2,690	+1.0%
	Total	284.2	-0.4%	10,960	+1.4%	268.7	+2.4%	9,590	+3.4%
Multi-dwelling homes	1-2 story	13.0	+19.2%	1,340	+16.3%	14.4	+2.0%	1,470	+1.6%
	3+ story	19.8	-7.6%	2,020	-8.4%	26.9	+0.0%	2,560	+3.6%
	Total	32.8	+1.4%	3,360	+0.1%	41.3	+0.7%	4,030	+2.8%
Order-built homes total		317.0	-0.2%	14,320	+1.1%	310.0	+2.2%	13,620	+3.2%
Pre-built homes (including condominiums)		26.0	-10.2%	730	-14.1%	–	–	–	–
Other sales*		1.0	-0.9%	–	–	–	–	–	–
Total		344.0	-1.0%	15,050	+0.2%	310.0	+2.2%	13,620	+3.2%
Consolidated subsidiaries		66.0	+13.4%	–	–	–	–	–	–
Consolidated		410.0	+1.0%	15,050	+0.2%	310.0	+2.2%	13,620	+3.2%

\* Including commissions on property insurance.

## Performance of main subsidiaries

(¥ billion)

	FY 2006		FY 2007 forecast	
	Sales	Operating profit	Sales	Operating profit
Asahi Kasei Reform	22.2	1.8	25.7	2.3
Asahi Kasei Real Estate	26.4	1.5	30.2	1.8

### Asahi Kasei Reform

#### **FY 2006**

Growth in orders for renovations such as bathroom replacement. Steady increase in maintenance work such as roofing and repainting. Sales and operating profit increase for the remodeling subsidiary.

#### **FY 2007 forecast**

Sales and operating profit increase with reinforced sales force and increased contracting capability.

### Asahi Kasei Real Estate

#### **FY 2006**

Expansion of operating base, including increase in number of branch offices. Steady growth in rental income. Decreased vacancy rate. Sales and operating profit increase.

#### **FY 2007 forecast**

Sales and operating profit increase with greater orders of multi-dwelling homes in FY 2006.

## Sales of Asahi Kasei Pharma Corporation

(¥ billion)

		FY 2005			FY 2006		
		H1	H2		H1	H2	
	Pharmaceuticals	24.7	23.8	48.5	24.8	25.9	50.7
	Others	7.6	5.1	12.7	2.9	2.8	5.7
Non-consolidated		32.2	28.9	61.1	27.7	28.7	56.4
Asahi Kasei Medical		19.0	21.1	40.1	21.0	22.0	43.1
Others		2.3	2.3	4.6	2.4	2.6	5.0
Consolidated		53.6	52.3	105.8	51.1	53.4	104.5

## Main pharmaceuticals domestic sales

(¥ billion)

	FY 2005			FY 2006		
	H1	H2		H1	H2	
Elcitonin™	8.2	7.1	15.2	7.1	6.6	13.8
Bredinin™	3.1	3.0	6.1	3.0	3.0	6.0
Flivas™	4.5	4.6	9.1	4.6	4.6	9.3
Toledomin™	3.1	3.1	6.2	3.0	3.1	6.0
Exacin™	0.6	0.6	1.2	0.5	0.5	1.1
Ricamycin™	0.3	0.4	0.7	0.2	0.3	0.5
Eril™	0.7	0.8	1.5	0.7	0.7	1.4

## Overview of main products

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection	–
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet	–
Flivas™	Naftopidil	Selective $\alpha$ -1 blocker	Benign prostatic hypertrophy	Tablet	Nippon Organon
Toledomin™	Milnacipran hydrochloride	SNRI	Depression	Tablet	–
Exacin™	Isepamicin sulfate	Aminoglycoside antibiotic	Infection	Injection	Schering-Plough
Ricamycin™	Rokitamycin	Macrolide antibiotic	Infection	Tablet, dry syrup	–
Eril™	Fasudil	Rho-kinase inhibitor	Cerebral vasospasm after subarachnoid hemorrhage surgery	Injection	–

## Product pipeline

Development stage	Product	Objective	Class	Indication
Pending approval	ART-123 (Injection)	New biologic	Recombinant human thrombomodulin	Disseminated intravascular coagulation
	AK-120 (Oral)	New molecular entity	Antivirus	Shingles (zoster)
Phase III	AT-877 (Injection)	Additional indication	Rho-kinase inhibitor	Acute cerebral thrombosis
	PTH (Injection)	Additional indication	Synthetic human parathyroid hormone	Osteoporosis
Phase II	AT-877 (Oral)	New dosage form	Rho-kinase inhibitor	Angina pectoris
	KT-611 (Oral)	Additional indication	$\alpha$ -1 blocker	Neurogenic bladder

## – Disclaimer –

The forecasts and estimates shown in this document are dependent on a variety of assumptions and economic conditions. Plans and figures depicting the future do not imply a guarantee of actual outcomes.