

Fiscal 2007 1st Half Financial Results

– supplementary financial summary –

October 31, 2007
Asahi Kasei Corporation

Consolidated results for 1st half fiscal year 2007

Summary of financial results	4–5
Statements of income	6
Financial activity	7
Special gains and losses	8
Balance sheets	9
Cash flows and primary investments	10
Sales and profit by segment	11–14

Forecast for fiscal year 2007

Consolidated operating performance	16
Forecast by segment	17–18

Appendix

Overview of results by segment	20–26
Homes	27–30
Pharma	31–33
Primary investments by segment	34
Major plant investments	35

Consolidated results for 1st half fiscal year 2007

Summary of financial results (i)

(¥ billion)

	H1 2006	H1 2007*		H1 2007 vs. H1 2006		result vs. forecast	
		Result	Forecast	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	768.9	830.8	834.0	61.9	+8.0%	(3.2)	-0.4%
<i>Of which, overseas sales</i>	209.8	253.9	—	44.1	+21.0%	—	—
Operating profit	50.7	63.7	56.0	13.0	+25.6%	7.7	+13.7%
Ordinary profit	48.8	63.1	56.5	14.4	+29.5%	6.6	+11.8%
Net income	29.0	38.0	32.0	9.1	+31.3%	6.0	+18.8%

At closing	Mar. 2007	Sep. 2007	Increase (decrease)
Total assets	1,459.9	1,445.1	(14.8)
Equity	645.7	662.2	16.5
Interest-bearing debt	216.9	189.2	(27.7)
Debt/equity ratio	0.34	0.29	

* Potential effects on financial results of costs associated with the situation as described in the October 30, 2007 news release *Improper Acquisition of Ministerial Certification by Nichias Corp.* are not reflected in this report due to the complexity of calculation. If it becomes clear that there is a material financial effect, consolidated results for H1 2007 will be revised.

Summary of financial results (ii)

	H1 2006	H1 2007
Dividends per share	¥5	¥6
Net income per share (EPS)	41.38*	54.36*
Net income per total assets (ROA)	4.1%*	5.2%*
Net income per shareholders' equity (ROE)	9.6%*	11.6%*
Shareholders' equity per share (BPS)	¥438.06	¥473.43

* Annualized.

Scope of consolidation

Number of consolidated subsidiaries	109	105
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	53	51

Key operating factors

Naphtha price (¥/kL, domestic)	51,450	59,000
¥/US\$ exchange rate (market average)	115	119
Employees at end of period	23,838	24,295

Statements of income

AsahiKASEI

(¥ billion)

	H1 2006		H1 2007		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	768.9	100.0%	830.8	100.0%	61.9	+8.0
Cost of sales	584.5	76.0%	627.2	75.5%	42.6	+7.3
Gross profit	184.4	24.0%	203.6	24.5%	19.2	+10.4
Selling, general and administrative expenses	133.7	17.4%	139.9	16.8%	6.2	+4.7
Operating profit	50.7	6.6%	63.7	7.7%	13.0	+25.6
Non-operating expenses	(1.9)		(0.5)		1.4	
of which,						
financing income and expense	(0.0)		0.3		0.3	
equity in net earnings of unconsolidated subsidiaries and affiliates	0.5		2.2		1.7	
Ordinary profit	48.8	6.3%	63.1	7.6%	14.4	+29.5
Special gains and losses	(2.8)		(6.3)		(3.5)	
Income before income taxes and minority interest	45.9	6.0%	56.8	6.8%	10.9	+23.7
Income taxes	(16.7)		(18.5)		(1.8)	
Minority interest in income of consolidated subsidiaries	(0.2)		(0.2)		0.0	
Net income	29.0	3.8%	38.0	4.6%	9.1	+31.3

Financing activity

Net financing expenses

	H1 2006	H1 2007
Interest expense	(1.9)	(2.1)
Interest income	0.2	0.4
Dividend income	1.6	2.1
Others	(0.0)	(0.0)
Total	(0.0)	0.3

(¥ billion)

Increase (decrease)
(0.3)
0.2
0.4
(0.0)
0.3

Interest-bearing debt

At end of	Sep. 2006	Mar. 2007	Sep. 2007
Short-term borrowings	64.9	63.8	57.9
Long-term borrowings	73.2	69.1	69.2
Bonds	104.0	84.0	62.0
Others	0.2	–	–
Total	242.2	216.9	189.2

(¥ billion)

Mar.–Sep. 07 increase (decrease)
(5.9)
0.2
(22.0)
–
(27.7)

Special gains and losses

	(¥ billion)		
	H1 2006	H1 2007	Increase (decrease)
Special gains			
Gain on sales of investment securities	0.8	0.6	(0.2)
Gain on sales of property, plant and equipment	0.3	0.1	(0.3)
Total special gains	1.2	0.7	(0.5)
Special losses			
Loss on write-down of investment securities	0.2	0.1	(0.1)
Loss on disposal of property, plant and equipment	3.8	1.7	(2.1)
Loss on impairment of assets	–	4.4	4.4
Restructuring charges	–	0.8	0.8
Total special losses	4.0	7.0	3.0
Net special gains (losses)	(2.8)	(6.3)	(3.5)

Balance sheets

(¥ billion)

	At end of Mar. 2007	At end of Sep. 2007	Increase (decrease)		At end of Mar. 2007	At end of Sep. 2007	Increase (decrease)
Current assets	723.0	735.6	12.6	Liabilities	806.4	775.9	(30.5)
Cash on hand and in banks	101.5	75.9	(25.6)	Current liabilities	500.5	514.4	13.9
Notes and accounts receivable, trade	300.4	318.9	18.5	Long-term liabilities	305.9	261.5	(44.4)
Inventories	240.0	264.4	24.4	Net assets	653.5	669.2	15.7
Other current assets	81.1	76.4	(4.7)	Shareholders' equity	561.8	589.7	27.9
Fixed assets	736.9	709.5	(27.4)	Common stock	103.4	103.4	–
Property, plant and equipment	427.0	423.3	(3.7)	Capital surplus	79.4	79.4	0.0
Intangible fixed assets	28.5	27.3	(1.1)	Retained earnings	380.5	408.7	28.2
Investments and other assets	281.5	258.9	(22.6)	Treasury stock, at cost	(1.5)	(1.9)	(0.3)
				Valuation, transition adjustment and others	83.9	72.5	(11.4)
				Minority interest in consolidated subsidiaries	7.9	7.0	(0.8)
Total assets	1,459.9	1,445.1	(14.8)	Total liabilities and net assets	1,459.9	1,445.1	(14.8)

Cash flows and primary investments

Cash flows

(¥ billion)

	H1 2006	H1 2007
a. Cash flows from operating activities	47.7	43.5
b. Cash flows from investing activities	(40.9)	(32.0)
c. Free cash flows [a+b]	6.7	11.5
d. Cash flows from financing activities	(2.1)	(37.6)
e. Effect of exchange rate changes on cash and cash equivalents	0.1	0.4
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	4.7	(25.7)
g. Cash and cash equivalents at beginning of period	86.4	101.7
h. Cash and cash equivalents held by newly consolidated subsidiaries	2.2	–
I. Cash and cash equivalents at end of period [f+g+h]	93.4	76.0

Primary investments

(¥ billion)

	FY 2006		FY 2007	
	H1 2006	FY 2006	H1 2007	forecast
Capital expenditures, fixed assets	45.3	78.8	35.3	94.0
Capital expenditures, intangible fixed assets	2.3	5.6	3.4	9.0
Depreciation and amortization	34.0	71.6	35.9	80.0
R&D expenditures	25.2	52.4	26.7	56.0

H1 07 vs. H1 06 sales and operating profit by segment **AsahiKASEI**

(¥ billion)

	Sales			Operating profit			H1 2007 forecast in July	
	H1 2006	H1 2007	Increase (decrease)	H1 2006	H1 2007	Increase (decrease)	Sales	Operating profit
Chemicals	394.2	446.4	52.2	22.8	36.2	13.4	452.0	31.5
Homes	169.1	166.9	(2.2)	5.4	4.8	(0.6)	167.0	4.0
Pharma	51.1	54.9	3.7	7.2	7.7	0.5	55.0	7.0
Fibers	50.6	56.9	6.3	1.3	3.5	2.2	56.0	3.0
Electronics Materials & Devices	56.4	57.7	1.3	12.4	11.5	(0.9)	59.0	11.0
Construction Materials	30.6	29.9	(0.7)	2.5	2.1	(0.4)	31.0	2.5
Services, Engineering and Others	16.9	18.1	1.2	2.3	2.7	0.4	14.0	2.0
Corporate Expenses and Eliminations	–	–	–	(3.2)	(4.9)	(1.7)	–	(5.0)
Consolidated	768.9	830.8	61.9	50.7	63.7	13.0	834.0	56.0

Overseas sales by segment

(¥ billion)

	H1 2006			H1 2007			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	394.2	154.8	39.3	446.4	189.8	42.5	35.0	+22.6
Homes	169.1	–	–	166.9	–	–	–	–
Pharma	51.1	11.7	23.0	54.9	14.2	25.9	2.5	+21.1
Fibers	50.6	16.3	32.2	56.9	19.8	34.8	3.5	+21.6
Electronics Materials & Devices	56.4	23.0	40.8	57.7	24.9	43.2	1.9	+8.3
Construction Materials	30.6	–	–	29.9	–	–	–	–
Services, Engineering and Others	16.9	4.0	23.5	18.1	5.1	28.3	1.2	+29.3
Total	768.9	209.8	27.3	830.8	253.9	30.6	44.1	+21.0
Sales to East Asia*		120.0	15.6		153.5	18.5	33.6	+28.0

Sales, excluding Homes and
Construction Materials

569.2 209.8 36.9 633.9 253.9 40.0

* China, Korea and Taiwan.

Sales increases/decreases by segment

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	H1 2006	H1 2007	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	394.2	446.4	14.6	30.0	2.2	7.6	52.2
Homes	169.1	166.9	(10.7)	9.5	–	(1.0)	(2.2)
Pharma	51.1	54.9	5.4	(0.6)	0.5	(1.0)	3.7
Fibers	50.6	56.9	3.7	2.6	1.0	0.0	6.3
Electronics Materials & Devices	56.4	57.7	2.0	(0.7)	0.3	(0.0)	1.3
Construction Materials	30.6	29.9	(1.1)	0.4	–	0.0	(0.7)
Services, Engineering and Others	16.9	18.1	1.2	0.0	0.0	0.0	1.2
Total	768.9	830.8	15.1	41.2	4.0	5.6	61.9

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

(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	H1 2006	H1 2007	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	22.8	36.2	1.4	30.0	2.2	(18.0)	13.4
Homes	5.4	4.8	(3.3)	9.5	–	(6.7)	(0.6)
Pharma	7.2	7.7	2.8	(0.6)	0.5	(1.6)	0.5
Fibers	1.3	3.5	0.7	2.6	1.0	(1.2)	2.2
Electronics Materials & Devices	12.4	11.5	(0.3)	(0.7)	0.3	0.1	(0.9)
Construction Materials	2.5	2.1	(0.5)	0.4	–	(0.4)	(0.4)
Services, Engineering and Others	2.3	2.7	0.6	0.0	0.0	(0.2)	0.4
Corporate Expenses and Eliminations	(3.2)	(4.9)	–	–	–	(1.7)	(1.7)
Total	50.7	63.7	1.4	41.2	4.0	(29.7)	13.0

Forecast for fiscal year 2007

Consolidated operating performance

(¥ billion)

	FY 2006			FY 2007 forecast*			Increase (decrease)	FY 2007 forecast in May
	H1	H2	Total	H1	H2 forecast	Total		
Net sales	768.9	854.9	1,623.8	830.8	898.2	1,729.0	105.2	1,682.0
Operating profit	50.7	77.1	127.8	63.7	71.3	135.0	7.2	126.0
Ordinary profit	48.8	77.7	126.5	63.1	70.9	134.0	7.5	123.5
Net income	29.0	39.6	68.6	38.0	41.0	79.0	10.4	70.0

Naphtha price (¥/kL, domestic)	51,450	48,450	49,950	59,000	61,000	60,000	10,050	55,000
¥/US\$ exchange rate (market average)	115	119	117	119	115	117	0	115

	FY 2006	FY 2007
Dividends per share	¥12	¥13 (planned)
Payout ratio	24.5%	23.0%

* Potential effects on financial results of costs associated with the situation as described in the October 30, 2007 news release *Improper Acquisition of Ministerial Certification by Nichias Corp.* are not reflected in this report due to the complexity of calculation. If it becomes clear that there is a material financial effect, the forecast for fiscal 2007 will be revised.

Sales forecast by segment

(¥ billion)

	FY 2006			FY 2007 forecast			Increase (decrease)	FY 2007 forecast in May
	H1	H2	Total	H1	H2 forecast	Total		
Chemicals	394.2	411.0	805.2	446.4	439.6	886.0	80.8	831.0
Homes	169.1	236.6	405.7	166.9	228.1	395.0	(10.7)	410.0
Pharma	51.1	53.4	104.5	54.9	59.1	114.0	9.5	109.0
Fibers	50.6	56.0	106.6	56.9	59.1	116.0	9.4	115.0
Electronics Materials & Devices	56.4	55.7	112.1	57.7	62.3	120.0	7.9	123.0
Construction Materials	30.6	30.2	60.8	29.9	31.1	61.0	0.2	63.0
Services, Engineering and Others	16.9	12.0	28.9	18.1	18.9	37.0	8.1	31.0
Consolidated	768.9	854.9	1,623.8	830.8	898.2	1,729.0	105.2	1,682.0

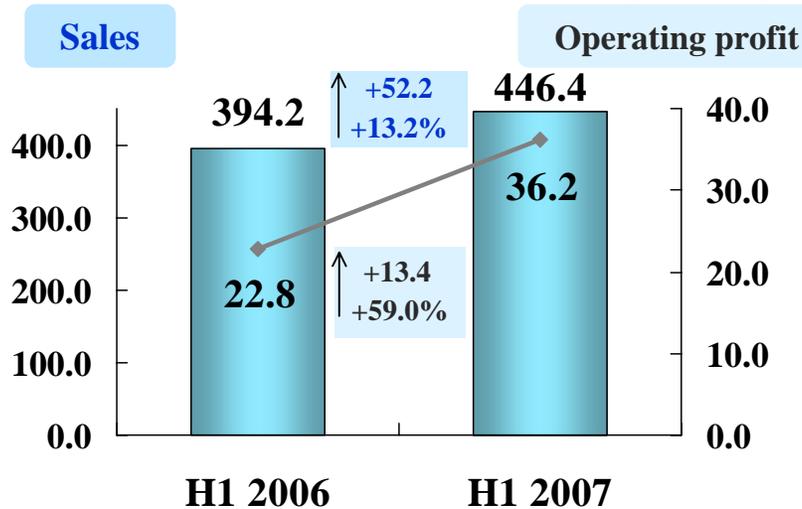
Operating profit forecast by segment

(¥ billion)

	FY 2006			FY 2007 forecast			Increase (decrease)	FY 2007 forecast in May
	H1	H2	Total	H1	H2 forecast	Total		
Chemicals	22.8	33.8	56.6	36.2	32.8	69.0	12.4	56.5
Homes	5.4	22.1	27.5	4.8	19.2	24.0	(3.5)	29.0
Pharma	7.2	6.7	13.9	7.7	5.7	13.5	(0.4)	11.5
Fibers	1.3	2.9	4.2	3.5	3.0	6.5	2.3	5.5
Electronics Materials & Devices	12.4	10.3	22.6	11.5	11.5	23.0	0.4	23.5
Construction Materials	2.5	2.5	5.0	2.1	2.4	4.5	(0.5)	5.5
Services, Engineering and Others	2.3	1.5	3.9	2.7	1.8	4.5	0.6	4.0
Corporate Expenses and Eliminations	(3.2)	(2.6)	(5.8)	(4.9)	(5.1)	(10.0)	(4.2)	(9.5)
Consolidated	50.7	77.1	127.8	63.7	71.3	135.0	7.2	126.0

Appendix

(¥ billion)



Review of operations

Good performance of volume products, especially chemicals and derivative products with strong overseas demand. Increased shipments of specialty products. Sales and operating profit increase.

Volume products:

Chemicals and derivative products

Strong results in acrylonitrile and styrene with strong overseas demand. Operating profit increase.

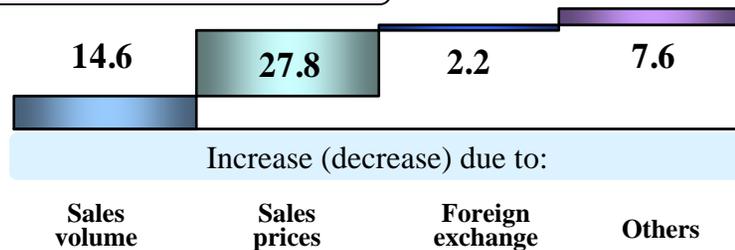
Polymer products

Higher feedstock costs. Higher sales price with strong demand. Operating profit increase.

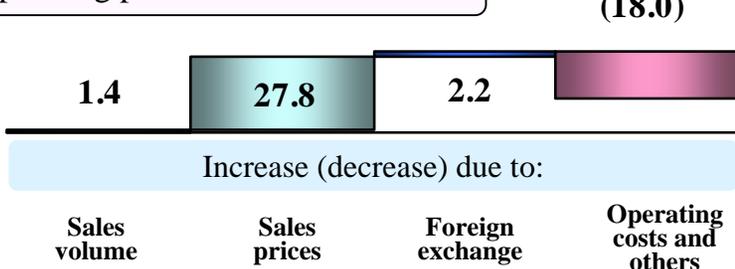
Specialty products:

Sales growth for membrane-process salt electrolysis systems and ion-exchange membranes. Operating profit increase.

Sales increases/decreases



Operating profit increases/decreases



Results for specialty products*

(¥ billion)

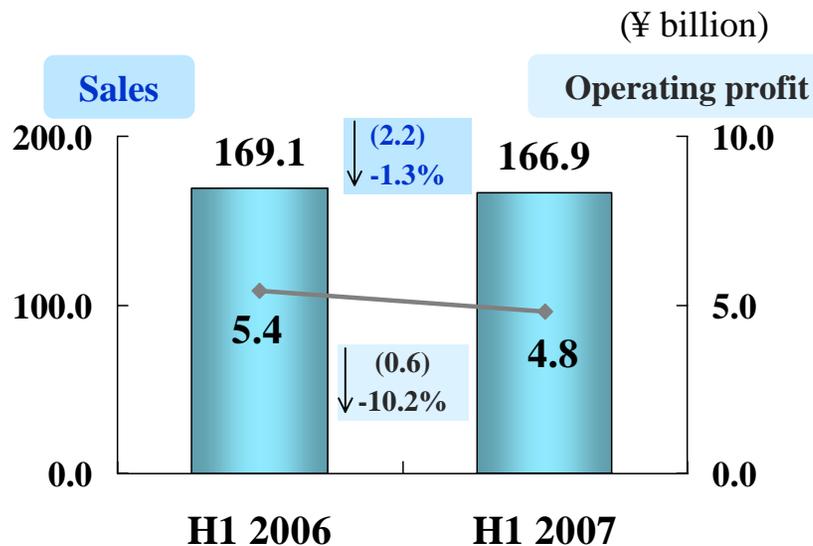
	H1 2006		H1 2007	
	Sales	Operating profit	Sales	Operating profit
Chemicals total	394.2	22.8	446.4	36.2
Of which, specialty products	91.3	12.9	96.2	14.3

* Unaudited, simplified calculation.

Sales in the former Life & Living segment, which was integrated with the Chemicals segment in April 2007, are included in specialty products.

Highlights

- May, decision to integrate industrial explosives business with that of Nippon Kayaku.
- June, decision to expand capacity for solution-polymerized styrene-butadiene rubber (S-SBR).
- July, reinforcement of business for Microza™ large-scale water filtration membranes in China; held environmental technology conference with Microza™ presentation.
- Aug., market launch of Saran Wrap™ with limited-edition packaging in Tohoku and Shikoku for third time.
- Sep., development of world's fastest phosphorus absorbent and removal/recovery system.
- Sep., market launch of new Zubizuba™ scouring pad co-developed with Asahi Kasei Fibers.



Review of operations

Real estate and remodeling operations performed well. Fewer deliveries of order-built unit homes. Sales and operating profit decrease.

Order-built and pre-built homes:

Good performance of multi-dwelling home operations. Fewer deliveries of order-built unit homes. Operating profit decrease.

Value of new orders decreased 1.5% from the first half a year ago, in spite of turning to positive growth from August.

Housing-related operations:

Good performance of remodeling operations. Operating profit increase.

Results by product category*

(¥ billion)

	H1 2006		H1 2007		Increase (decrease)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Order-built homes	134.7	/	131.2	/	(3.5)	/
Pre-built homes	6.0		5.0		(1.0)	
Others†	0.5		0.4		(0.0)	
Total homes	141.1	3.5	136.6	2.7	(4.5)	(0.9)
Housing-related	28.0	1.8	30.3	2.1	2.3	0.3
Total	169.1	5.4	166.9	4.8	(2.2)	(0.6)

Highlights

- Aug., market launch of Hebel Haus Frex™ with pillar garage for customers who are rebuilding existing homes in dense urban areas.
- Oct., completion of housing R&D center in Fuji.

* Product category division unaudited, simplified calculation.

† Including commissions on property insurance.

(¥ billion)

Review of operations

Pharmaceuticals:

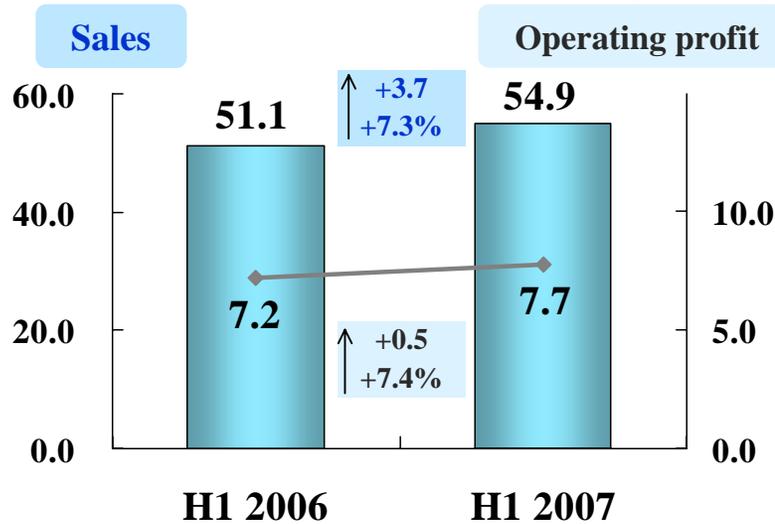
Good performance of Elcitonin™ calcitonin formulation and Flivas™ therapy for benign prostatic hyperplasia. Decreased income from licensing. Higher R&D expenditures. Sales and operating profit decrease.

Devices:

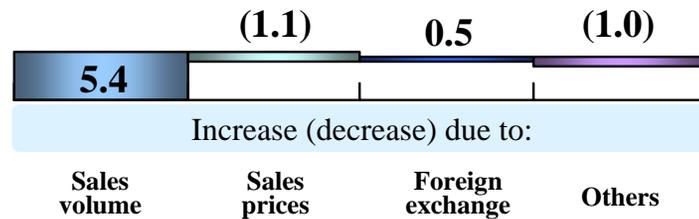
Increased shipments of APS™ polysulfone-membrane artificial kidneys and other products both in Japan and overseas. Sales and operating profit increase.

Highlights

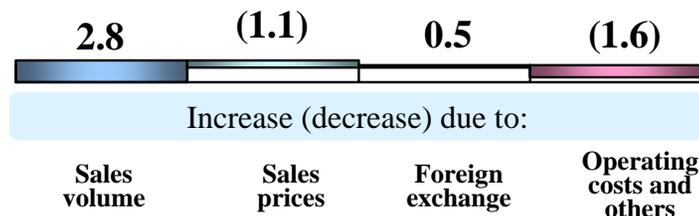
- May, alliance with Kawasumi Laboratories, Inc. and Terumo Corp. for blood bags and filters business in Asian markets, with capital participation.
- June, start of operation at medical device sales company in China.
- July, start of construction of new dry-pack APS™ polysulfone-membrane artificial kidneys plant with integrated spinning and assembly lines.
- July, establishment of Apheresis Technology Square, training center for therapeutic apheresis products.
- July, market launch of orally disintegrating 75mg tablets of Flivas™ therapy for benign prostatic hyperplasia.
- May, market launch of Acure™ EN800 enriched liquid diet; Aug., market launch of Acure™ EN2.0.
- Sep., start of Phase II-b clinical trial for ART-123 in the US.
- Sep., plant expansion for Planova™ virus removal filters.



Sales increases/decreases



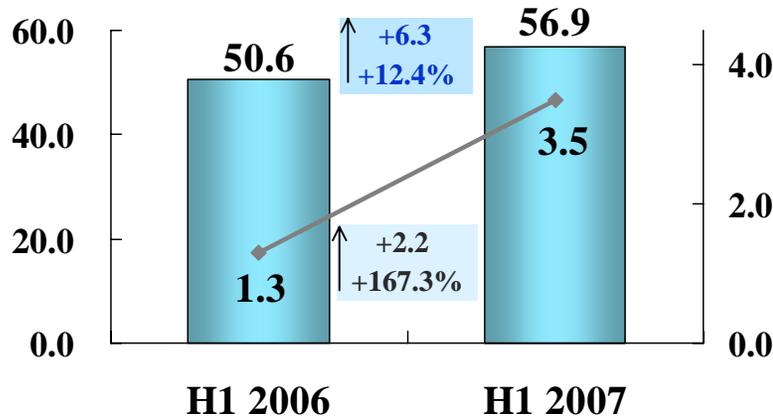
Operating profit increases/decreases



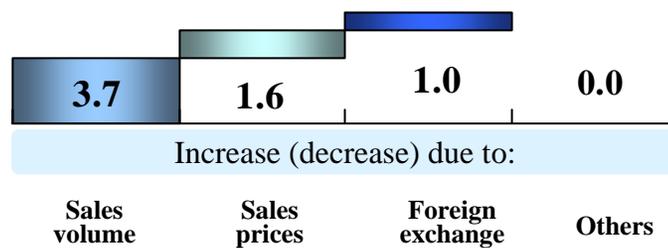
(¥ billion)

Sales

Operating profit



Sales increases/decreases



Operating profit increases/decreases



Review of operations

Roica™ elastic polyurethane filament:

Increased shipments at all overseas operations, especially those in Europe and the US, with strong worldwide demand growth. Operating profit increase.

Bemberg™ regenerated cellulose:

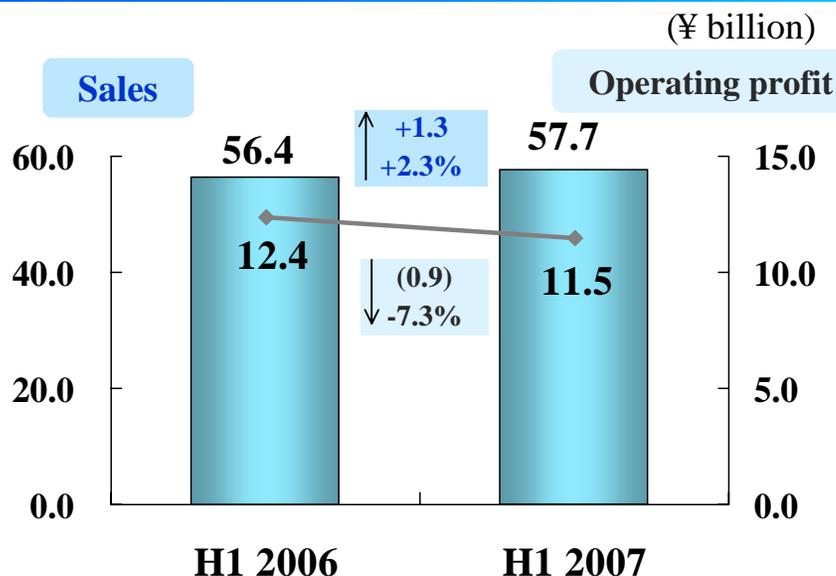
Increased shipments overseas. Operating profit increase.

Nonwovens:

Higher feedstock costs. Operating cost reductions. Operating profit increase.

Highlights

- Sep., completion of plant for Precisé™, a new nonwoven.
- Sep., start of joint project with Kurabo Industries Ltd., named “J-fiber”, for development and marketing of products based on Bemberg™.



Review of operations

Electronics devices:

Fewer shipments of LSIs with inventory adjustments in home electronics markets. Lower product prices. Operating profit decrease.

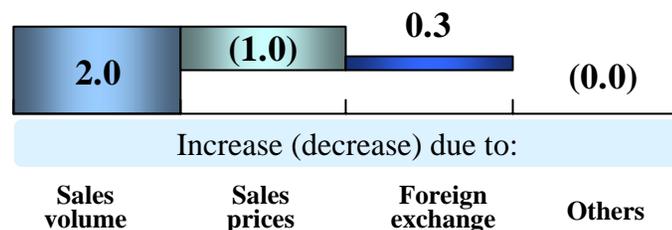
Electronics materials:

Increased shipments as a whole with strong overseas demand, especially in China. Operating profit increase.

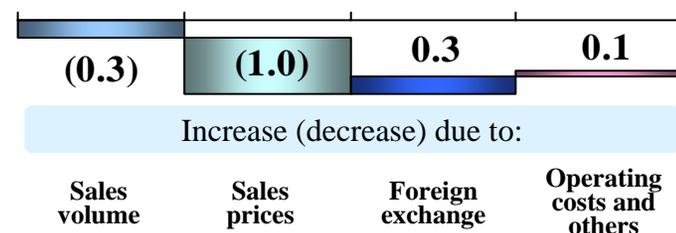
Highlights

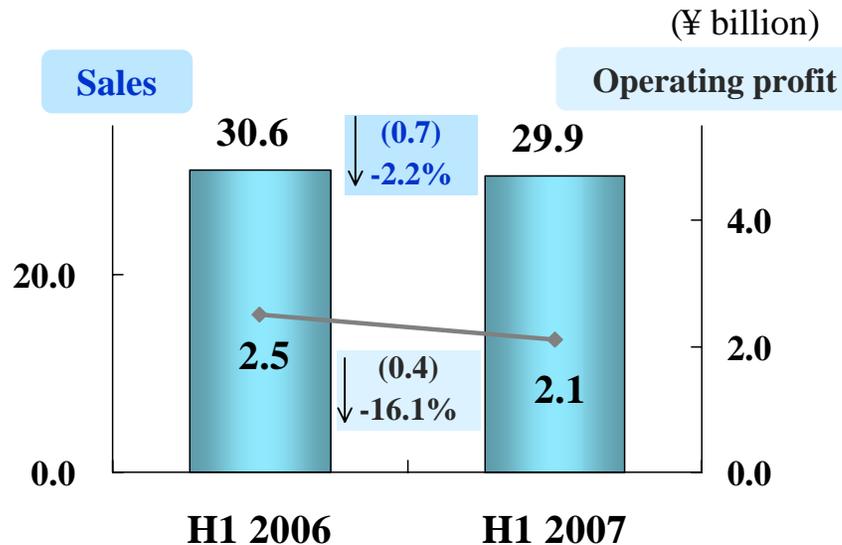
- Aug., decision to construct new production line for pellicles for tenth generation LCD panels.

Sales increases/decreases



Operating profit increases/decreases





Review of operations

Building materials/housing materials:

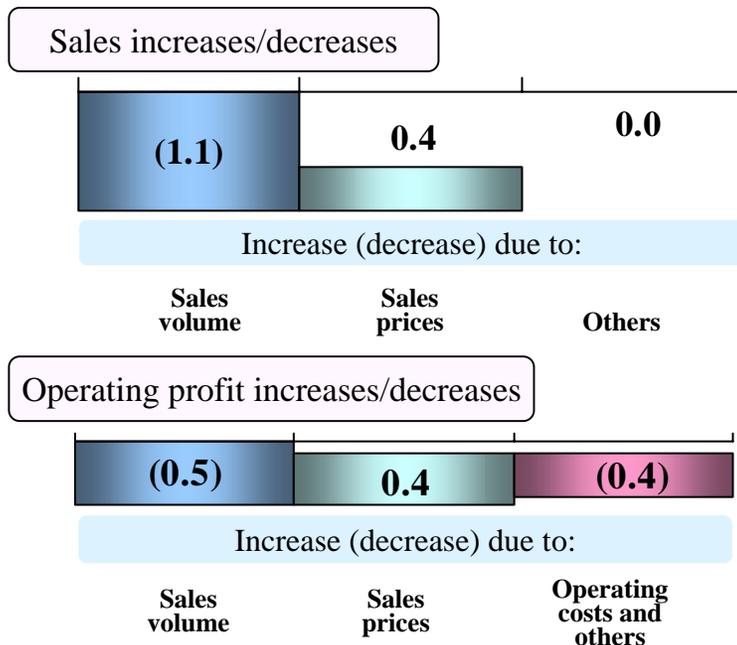
Fewer shipments of Hebel™ autoclaved lightweight concrete (ALC) panels as an effect of the decline in construction starts following a building code revision in Japan. Operating profit decrease.

Insulation materials:

Affected by the decline in new housing starts. Operating profit decrease.

Foundation systems:

Successful development of new markets for Eazet™ piles for small-scale construction. 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 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	H1	153.6 (-1.5%)	131.2 (-2.6%)	5.0 (-16.5%)	0.4	136.6 (-3.2%)	30.3 (+8.2%)	166.9 (-1.3%)	312.3
	H2 forecast	156.4 (+6.2%)	168.8 (-7.7%)	21.5 (-6.3%)	0.6	190.9 (-7.5%)	37.2 (+23.2%)	228.1 (-3.6%)	299.8
	annual	310.0 (+2.2%)	300.0 (-5.5%)	26.5 (-8.4%)	1.0	327.5 (-5.8%)	67.5 (+16.0%)	395.0 (-2.6%)	

* Including commissions on property insurance.

Homes (ii)

Breakdown of H1 2007 sales and orders

(% change from H1 2006)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	87.1	-2.5%	3,170	-6.3%	98.6	+0.7%	3,417	+0.1%
	3+ story	31.3	-11.9%	959	-29.4%	34.9	-10.7%	1,237	-11.1%
	Total	118.4	-5.2%	4,129	-12.9%	133.5	-2.6%	4,654	-3.1%
Multi-dwelling homes	1-2 story	5.5	+46.4%	577	+50.3%	7.1	-0.5%	677	-10.2%
	3+ story	7.2	+19.8%	744	+21.8%	13.0	+9.5%	1,273	+25.0%
	Total	12.7	+30.0%	1,321	+32.8%	20.2	+5.7%	1,950	+10.0%
Order-built homes total		131.2	-2.6%	5,450	-5.0%	153.6	-1.5%	6,604	+0.4%
Pre-built homes (including condominiums)		5.0	-16.5%	147	-39.3%	–	–	–	–
Other sales*		0.4	-9.4%	–	–	–	–	–	–
Total		136.6	-3.2%	5,597	-6.4%	153.6	-1.5%	6,604	+0.4%
Consolidated subsidiaries		30.3	+8.2%	–	–	–	–	–	–
Consolidated		166.9	-1.3%	5,597	-6.4%	153.6	-1.5%	6,604	+0.4%

* Including commissions on property insurance.

Homes (iii)

Breakdown of sales and orders forecast for FY 2007

(% change from FY 2006)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	191.8	-4.9%	7,010	-8.3%	195.8	+4.0%	6,670	+0.8%
	3+ story	74.7	-10.7%	2,740	-13.3%	72.1	-2.5%	2,440	-8.4%
	Total	266.5	-6.6%	9,750	-9.8%	268.0	+2.1%	9,110	-1.8%
Multi-dwelling homes	1-2 story	13.3	+22.5%	1,420	+23.3%	14.8	+4.6%	1,440	-0.5%
	3+ story	20.2	-5.9%	2,040	-7.5%	27.3	+1.7%	2,850	+15.3%
	Total	33.5	+3.7%	3,460	+3.0%	42.1	+2.7%	4,290	+9.5%
Order-built homes total		300.0	-5.5%	13,210	-6.7%	310.0	+2.2%	13,400	+1.5%
Pre-built homes (including condominiums)		26.5	-8.4%	830	-2.4%	—	—	—	—
Other sales*		1.0	-5.8%	—	—	—	—	—	—
Total		327.5	-5.8%	14,040	-6.5%	310.0	+2.2%	13,400	+1.5%
Consolidated subsidiaries		67.5	+16.0%	—	—	—	—	—	—
Consolidated		395.0	-2.6%	14,040	-6.5%	310.0	+2.2%	13,400	+1.5%

* Including commissions on property insurance.

Performance of main subsidiaries

(¥ billion)

	H1 2006		H1 2007	
	Sales	Operating profit	Sales	Operating profit
Asahi Kasei Reform	12.2	0.9	13.3	1.1
Asahi Kasei Real Estate	14.8	0.7	16.0	0.7

Overview of operations

Asahi Kasei Reform

Sales and operating profit increase with steady increase in maintenance work such as roofing and repainting and growth in orders for renovations such as bathroom replacement. Sales and operating profit increase forecast for FY 2007.

Asahi Kasei Real Estate

Sales increase with growth in rental homes. Sales and operating profit increase forecast for FY 2007.

Sales of Asahi Kasei Pharma Corporation (¥ billion)

		FY 2006		FY 2007 forecast	
		H1		H1	
	Pharmaceuticals	24.8	50.7	24.1	48.7
	Others	2.9	5.7	2.9	5.2
Non-consolidated		27.7	56.4	27.0	54.0
Asahi Kasei Medical		21.0	43.1	24.7	52.0
Others		2.3	5.0	3.2	8.0
Consolidated		51.1	104.5	54.9	114.0

Main pharmaceuticals domestic sales

	FY 2005		FY 2006 forecast	
	H1		H1	
Elcitonin™	7.1	13.8	7.1	13.9
Bredinin™	3.0	6.0	3.1	6.1
Flivas™	4.6	9.3	4.7	9.7
Toledomin™	3.0	6.0	3.1	6.4
Exacin™	0.5	1.1	0.5	1.0
Zesulan™	0.5	1.3	0.5	1.2
Eril™	0.7	1.4	0.7	1.5

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 α -1 blocker	Benign prostatic hypertrophy	Tablet	Nippon Organon K.K.
Toledomin™	Milnacipran hydrochloride	SNRI	Depression	Tablet	–
Exacin™	Isepamicin sulfate	Aminoglycoside antibiotic	Infection	Injection	Schering-Plough K.K.
Zesulan™	Mequitazine	Antihistamine (Histamine H1 antagonist)	Bronchial asthma, allergic rhinitis	Tablet, syrup, fine granules 0.6% for pediatric	Alfresa Pharma Corp.
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	α -1 blocker	Neurogenic bladder

Primary investments by segment

(¥ billion)

	Capital expenditures			Depreciation and amortization		R&D expenditures	
	FY 2006	FY 2007 forecast		FY 2006	H1 2007	FY 2006	H1 2007
		H1					
Chemicals	46.0	13.7	42.0	36.1	18.4	17.2	8.9
Homes	2.7	5.1	8.5	2.4	1.2	1.6	0.9
Pharma	5.7	6.0	14.0	6.6	2.8	13.1	6.7
Fibers	6.4	5.2	9.5	5.3	2.9	3.1	1.7
Electronics Materials & Devices	16.2	5.8	20.0	13.4	6.4	10.3	4.8
Construction Materials	2.3	1.5	3.0	3.0	1.5	0.8	0.4
Services, Engineering and Others	0.8	0.5	1.0	0.7	0.4	0.0	0.0
Corporate assets and eliminations	4.3	0.9	5.0	4.2	2.3	6.3	3.2
Total	84.4	38.6	103.0	71.6	35.9	52.4	26.7

Completed in H1 2007

- APSTM polysulfone-membrane artificial kidneys – 3.6 million module/y capacity increase at assembly plant in Hangzhou, China, Apr.
- DuranateTM hexamethylene diisocyanate – new 10 kt/y plant in Nantong, China, Jul.
- RoicaTM spandex – installation of RoicaTM production equipment at Asahi Kasei Spandex America plant, Aug.
- PréciséTM nonwovens – new 2 kt/y plant in Moriyama, Sep.
- PlanovaTM virus removal filters – 20,000 m²/year capacity expansion in Nobeoka, Sep.

* Investment of ¥3 billion or more.

Under construction at end of Sep. 2007

- Homes – establishment of housing R&D center in Fuji, Oct.*
- RoicaTM spandex – 500 t/y capacity expansion in Thailand, Mar. 08.
- EVOH hollow fiber membrane for artificial kidneys – new 2.6 million module/y plant in Nobeoka at Asahi Kasei Kuraray Medical, May 08.
- Ion-exchange membranes for chlor-alkali – 110 thousand m²/y capacity expansion in Kawasaki, Jun. 08.
- APSTM polysulfone-membrane artificial kidneys – new 5.5 million module/y plant for dry-pack APSTM polysulfone-membrane artificial kidneys with integrated spinning and assembly lines in Nobeoka, Oct. 08.*
- Pellicles – new production line for tenth generation LCD panels in Nobeoka, Nov. 08.
- Power generation – new boiler using SDA pitch in Mizushima, NEDO-supported energy conservation project, July 09.*

– 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.