

Fiscal 2007 Financial Results

– supplementary financial summary –

May 8, 2008

Asahi Kasei Corporation

Consolidated results for FY 2007

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Consolidated Results for Fiscal Year 2007

Summary of financial results (i)

(¥ billion)

	FY 2006	FY 2007		FY 2007 vs. FY 2006		Actual vs. forecast	
		Actual	Forecast in Jan.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,623.8	1,696.8	1,714.0	73.0	+4.5%	(17.2)	-1.0%
Operating profit	127.8	127.7	130.0	(0.1)	-0.1%	(2.3)	-1.8%
Ordinary profit	126.5	120.5	129.0	(6.1)	-4.8%	(8.5)	-6.6%
Net income	68.6	69.9	76.0	1.4	+2.0%	(6.1)	-8.0%

At closing	FY 2006	FY 2007	Increase (decrease)
Total assets	1,459.9	1,425.4	(34.6)
Equity	645.7	666.2	20.6
Interest-bearing debt	216.9	211.4	(5.5)
Debt/equity ratio	0.34	0.32	(0.02)

Summary of financial results (ii)

	FY 2006	FY 2007
Net income per share (EPS)	¥49.00	¥50.01
Dividends per share	¥12	¥13
Payout ratio	24.5%	26.0%
Net income per total assets (ROA)	4.8%	4.8%
Net income per shareholders' equity (ROE)	11.1%	10.7%
Shareholders' equity per share (BPS)	¥461.50	¥476.39

Scope of consolidation

Number of consolidated subsidiaries	111	106
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	53	50

Key operating factors

Naphtha price (¥/kL, domestic)	49,950	61,450
¥/US\$ exchange rate (market average)	117	114

Employees at year end	23,715	23,854
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Statements of income

Asahi**KASEI**

(¥ billion)

	FY 2006		FY 2007		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,623.8	100.0%	1,696.8	100.0%	73.0	+4.5
Cost of sales	1,224.0	75.4%	1,289.0	76.0%	64.9	+5.3
Gross profit	399.8	24.6%	407.8	24.0%	8.1	+2.0
Selling, general and administrative expenses	271.9	16.7%	280.2	16.5%	8.2	+3.0
Operating profit	127.8	7.9%	127.7	7.5%	(0.1)	-0.1
Non-operating expenses	(1.3)		(7.2)		(5.9)	
of which,						
financing income and expense	(1.2)		(0.2)		1.0	
equity in net earnings of unconsolidated subsidiaries and affiliates	2.6		3.8		1.1	
Ordinary profit	126.5	7.8%	120.5	7.1%	(6.1)	-4.8
Special gains and losses	(11.6)		(14.9)		(3.2)	
Income before income taxes and minority interest	114.9	7.1%	105.6	6.2%	(9.3)	-8.1
Income taxes	(45.8)		(35.0)		10.8	
Minority interest in income of consolidated subsidiaries	(0.5)		(0.6)		(0.1)	
Net income	68.6	4.2%	69.9	4.1%	1.4	+2.0

Financing activity

Financing income and expenses

(¥ billion)

	FY 2006	FY 2007	Increase (decrease)
Interest expense	(4.1)	(4.2)	(0.1)
Interest income	0.5	0.9	0.4
Dividend income	2.5	3.2	0.7
Others	(0.1)	(0.1)	0.0
Total	(1.2)	(0.2)	1.0

Interest-bearing debt

(¥ billion)

	FY 2006	FY 2007	Increase (decrease)
Short-term borrowings	63.8	43.2	(20.6)
Commercial Paper	–	55.0	55.0
Long-term borrowings	69.1	63.2	(5.9)
Bonds	84.0	50.0	(34.0)
Total	216.9	211.4	(5.5)

Special gains and losses

(¥ billion)

	FY 2006	FY 2007	Increase (decrease)
Special gains			
Gain on sales of investment securities	1.5	3.4	1.9
Gain on sales of property, plant and equipment	0.9	0.3	(0.6)
Gain on change in equity	0.7	0.6	(0.1)
Total special gains	3.1	4.3	1.2
Special losses			
Loss on write-down of investment securities	0.7	1.0	0.3
Loss on disposal of property, plant and equipment	9.1	6.8	(2.3)
Loss on impairment of assets	0.2	4.8	4.6
Charge for environmental countermeasures	–	2.2	2.2
Charge for remediation of homes delivered in previous years	–	3.0	3.0
Restructuring charges	4.8	1.3	(3.5)
Total special losses	14.7	19.2	4.4
Net special gains (losses)	(11.6)	(14.9)	(3.2)

Balance sheets

AsahiKASEI

(¥ billion)

	At end of Mar. 2007	At end of Mar. 2008	Increase (decrease)		At end of Mar. 2007	At end of Mar. 2008	Increase (decrease)
Current assets	723.0	740.1	17.1	Liabilities	806.4	751.2	(55.2)
Cash on hand and in banks	101.5	82.9	(18.6)	Current liabilities	503.6	513.4	9.8
Notes and accounts receivable, trade	300.4	298.8	(1.6)	Long-term liabilities	302.8	237.8	(65.0)
Inventories	240.0	272.4	32.4	Net assets	653.5	674.2	20.6
Other current assets	81.1	86.0	4.9	Shareholders' equity	561.8	613.0	51.3
Fixed assets	736.9	685.3	(51.6)	Common stock	103.4	103.4	–
Property, plant and equipment	427.0	424.2	(2.8)	Capital surplus	79.4	79.4	0.0
Intangible fixed assets	28.5	26.2	(2.2)	Retained earnings	380.5	432.2	51.7
Investments and other assets	281.5	234.9	(46.6)	Treasury stock, at cost	(1.5)	(2.0)	(0.5)
				Valuation, translation adjustments and others	83.9	53.2	(30.7)
				Minority interest in consolidated subsidiaries	7.9	7.9	0.1
Total assets	1,459.9	1,425.4	(34.6)	Total liabilities and net assets	1,459.9	1,425.4	(34.6)

Cash flows and primary investments

Cash flows

(¥ billion)

	FY 2006	FY 2007
a. Cash flows from operating activities	128.4	72.9
b. Cash flows from investing activities	(81.3)	(69.1)
c. Free cash flows [a+b]	47.1	3.8
d. Cash flows from financing activities	(36.0)	(22.3)
e. Effect of exchange rate changes on cash and cash equivalents	0.6	(0.2)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	11.7	(18.7)
g. Cash and cash equivalents at beginning of year	86.4	101.7
h. Cash and cash equivalents held by newly consolidated subsidiaries	3.6	0.1
I. Cash and cash equivalents at end of year [f+g+h]	101.7	83.0

Primary investments

(¥ billion)

	FY 2006	FY 2007
Capital expenditures, fixed assets	78.8	75.7
Capital expenditures, intangible fixed assets	5.6	7.2
Depreciation and amortization	71.6	74.0
R&D expenditures	52.4	56.2

FY 2007 vs. FY 2006 sales and operating profit by segment

(¥ billion)

	Sales			Operating profit		
	FY 2006	FY 2007	Increase (decrease)	FY 2006	FY 2007	Increase (decrease)
Chemicals	805.2	879.2	74.0	56.6	65.2	8.7
Homes	405.7	386.2	(19.5)	27.5	21.4	(6.1)
Pharma	104.5	111.2	6.8	13.9	12.7	(1.2)
Fibers	106.6	114.1	7.4	4.2	7.2	3.1
Electronics Materials & Devices	112.1	113.3	1.2	22.6	22.2	(0.4)
Construction Materials	60.8	55.7	(5.1)	5.0	2.8	(2.3)
Services, Engineering and Others	28.9	37.0	8.1	3.9	5.2	1.3
Corporate Expenses and Eliminations	—	—	—	(5.8)	(9.0)	(3.2)
Total	1,623.8	1,696.8	73.0	127.8	127.7	(0.1)

Overseas sales by segment

(¥ billion)

	FY 2006			FY 2007			Increase (decrease)	
	Total sales	Overseas sales		Total sales	Overseas sales			% change
		% of total			% of total			
Chemicals	805.2	317.1	39.4	879.2	354.8	40.4	37.7	+11.9
Homes	405.7	–	–	386.2	–	–	–	–
Pharma	104.5	25.5	24.5	111.2	27.9	25.1	2.3	+9.2
Fibers	106.6	33.5	31.4	114.1	41.4	36.3	7.9	+23.5
Electronics Materials & Devices	112.1	47.0	42.0	113.3	50.5	44.6	3.4	+7.3
Construction Materials	60.8	–	–	55.7	–	–	–	–
Services, Engineering and Others	28.9	4.8	16.7	37.0	12.8	34.5	8.0	+165.0
Total	1,623.8	428.0	26.4	1,696.8	487.3	28.7	59.3	+13.9
Sales to East Asia*		245.3	15.1		287.9	17.0	42.6	+17.4

Sales, excluding Homes and Construction Materials

1,157.3 428.0 37.0 1,254.8 487.3 38.8

* China, Korea, and Taiwan.

Sales increases/decreases by segment

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	FY 2006	FY 2007	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	805.2	879.2	17.4	48.4	(2.9)	8.2	74.0
Homes	405.7	386.2	(30.4)	15.4	–	(4.5)	(19.5)
Pharma	104.5	111.2	11.4	(1.6)	0.4	(3.0)	6.8
Fibers	106.6	114.1	2.3	5.2	0.9	0.0	7.4
Electronics Materials & Devices	112.1	113.3	6.7	(5.5)	(0.4)	(0.0)	1.2
Construction Materials	60.8	55.7	(5.6)	0.5	–	0.0	(5.1)
Services, Engineering and Others	28.9	37.0	8.1	0.0	0.0	0.0	8.1
Total	1,623.8	1,696.8	9.8	62.5	(1.9)	0.7	73.0

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

(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	FY 2006	FY 2007	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	56.6	65.2	2.4	48.4	(2.9)	(42.2)	8.7
Homes	27.5	21.4	(7.4)	15.4	–	(14.1)	(6.1)
Pharma	13.9	12.7	5.6	(1.6)	0.4	(5.2)	(1.2)
Fibers	4.2	7.2	0.9	5.2	0.9	(3.0)	3.1
Electronics Materials & Devices	22.6	22.2	2.4	(5.5)	(0.4)	2.7	(0.4)
Construction Materials	5.0	2.8	(2.3)	0.5	–	(0.5)	(2.3)
Services, Engineering and Others	3.9	5.2	1.5	0.0	0.0	(0.2)	1.3
Corporate expenses and eliminations	(5.8)	(9.0)	–	–	–	(3.2)	(3.2)
Total	127.8	127.7	3.1	62.5	(1.9)	(65.7)	(0.1)

Forecast for Fiscal Year 2008

Consolidated operating performance

(¥ billion)

	FY 2006	FY 2007			FY 2008 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,623.8	830.8	866.0	1,696.8	856.0	954.0	1,810.0	113.2
Operating profit	127.8	63.7	64.0	127.7	50.5	77.5	128.0	0.3
Ordinary profit	126.5	63.1	57.3	120.5	49.5	75.5	125.0	4.5
Net income	68.6	38.0	31.9	69.9	30.0	45.0	75.0	5.1

Naphtha price (¥/kL, domestic)	49,950	58,750	64,150	61,450	68,000	68,000	68,000	6,550
¥/US\$ exchange rate (market average)	117	119	109	114	105	105	105	(9)

	FY 2006	FY 2007	FY 2008
Dividends per share	¥12	¥13	¥14 (planned)
Payout ratio	24.5%	26.0%	26.1%

Sales forecast by segment

(¥ billion)

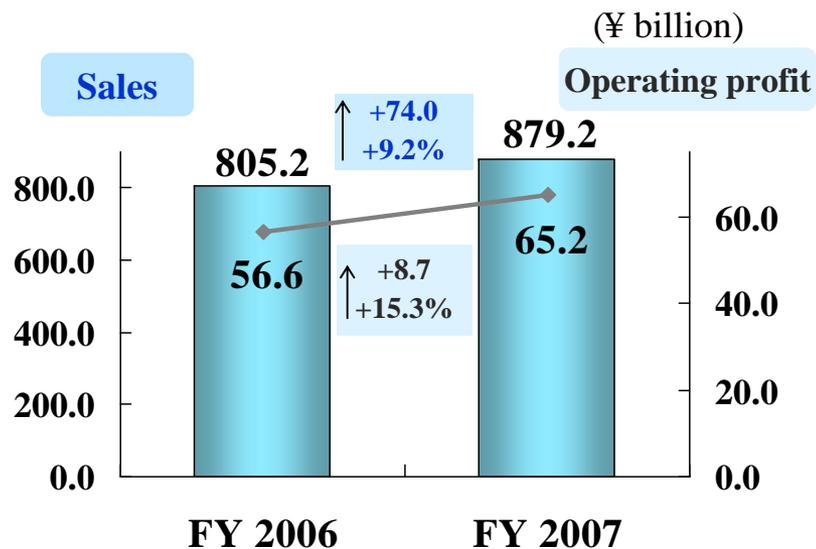
	FY 2007			FY 2008 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	446.4	432.8	879.2	447.0	465.0	912.0	32.8
Homes	166.9	219.3	386.2	178.0	244.0	422.0	35.8
Pharma	54.9	56.4	111.2	63.0	64.0	127.0	15.8
Fibers	56.9	57.1	114.1	59.0	63.0	122.0	7.9
Electronics Materials & Devices	57.7	55.6	113.3	61.0	68.0	129.0	15.7
Construction Materials	29.9	25.8	55.7	31.0	32.0	63.0	7.3
Services, Engineering and Others	18.1	19.0	37.0	17.0	18.0	35.0	(2.0)
Consolidated	830.8	866.0	1,696.8	856.0	954.0	1,810.0	113.2

Operating profit forecast by segment

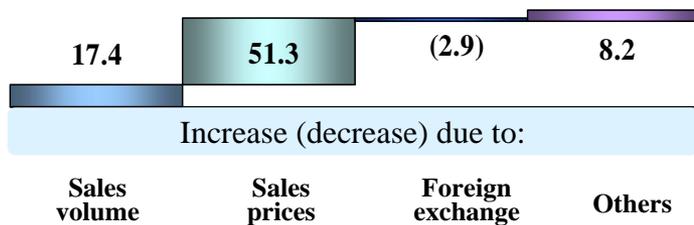
(¥ billion)

	FY 2007			FY 2008 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	36.2	29.0	65.2	25.5	34.5	60.0	(5.2)
Homes	4.8	16.6	21.4	5.0	21.0	26.0	4.6
Pharma	7.7	4.9	12.7	9.5	6.5	16.0	3.3
Fibers	3.5	3.7	7.2	2.5	3.5	6.0	(1.2)
Electronics Materials & Devices	11.5	10.8	22.2	9.5	11.0	20.5	(1.7)
Construction Materials	2.1	0.7	2.8	1.5	2.5	4.0	1.2
Services, Engineering and Others	2.7	2.4	5.2	2.0	2.5	4.5	(0.7)
Corporate Expenses and Eliminations	(4.9)	(4.1)	(9.0)	(5.0)	(4.0)	(9.0)	0.0
Consolidated	63.7	64.0	127.7	50.5	77.5	128.0	0.3

Appendix



Sales increases/decreases



Operating profit increases/decreases



Review of operations

Good performance in both volume products and specialty products. Sales and operating profit increase.

Volume products:

Chemicals and derivative products

Higher feedstock costs. Higher market price of acrylonitrile (AN) with strong overseas demand. Sales and operating profit increase.

Polymer products

Increased sales due to good performance of synthetic rubber. Higher feedstock costs. Operating profit on par with a year ago.

Specialty products:

Increased shipments of Hipore™ Li-ion rechargeable battery separators with strong demand. Sales growth of membrane-process chlor-alkali electrolysis systems and ion-exchange membranes. Sales and operating profit increase.

Results of specialty products

(¥ billion)

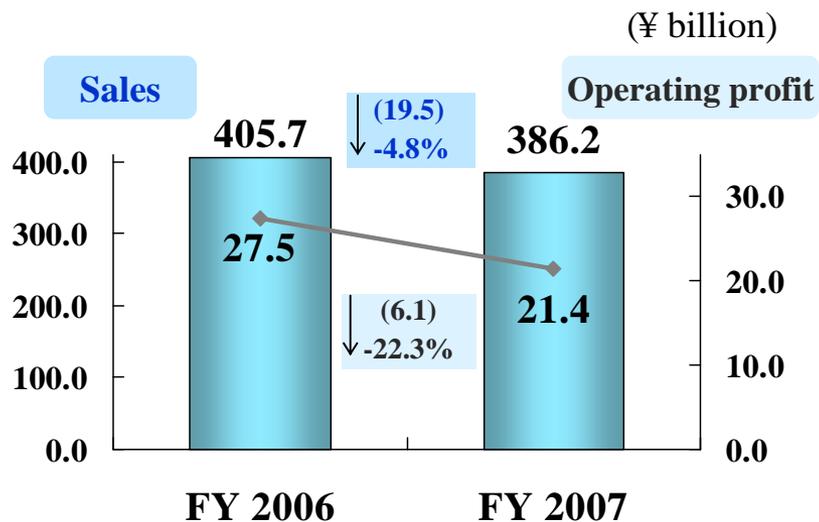
	FY 2006		FY 2007	
	Sales	Operating profit	Sales	Operating profit
Chemicals total	805.2	56.6	879.2	65.2
Of which, specialty products*	184.8	25.7	197.3	27.9

* 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

- June, decision to expand capacity for solution-polymerized styrene-butadiene rubber (S-SBR) in Oita.
- July, reinforcement of business for Microza™ large-scale water filtration membranes in China; held environmental technology conference with Microza™ presentation.
- 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.
- Nov., decision to expand capacity for Hipore™ Li-ion battery separator in Moriyama.
- Jan., integration of industrial explosives business with that of Nippon Kayaku.
- Feb., decision to construct new Hipore™ Li-ion battery separator plant in Hyuga.
- Feb., decision to expand capacity for S-SBR in Kawasaki.
- Feb., price increase for Saran Wrap™ cling film and Ziploc™ storage bags.
- Feb., cumulative orders for membrane-process chlor-alkali plants reaching 15 million tons capacity.
- Feb., hydrocarbon membrane electrolyte for high-performance direct methanol fuel cell developed jointly with Tokuyama Corp.
- Mar., market launch of Saran Wrap™ cling film with new dispenser box and improved film quality.
- Mar., decision to construct AN and MMA plants in Thailand through joint venture with PTT Public Co. Ltd. and Marubeni Corp.



Results by product category*

(¥ billion)

	FY 2006		FY 2007		Increase (decrease)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Order-built homes	317.6	/	297.1	/	(20.5)	/
Pre-built homes	28.9		24.5		(4.5)	
Others†	1.0		1.0		(0.0)	
Total homes	347.5	22.3	322.5	16.0	(25.0)	(6.3)
Housing-related	58.2	5.2	63.7	5.4	5.5	0.2
Total	405.7	27.5	386.2	21.4	(19.5)	(6.1)

* Product category division unaudited, simplified calculation.

† Including commissions on property insurance.

Review of operations

Good performance of remodeling operations. Fewer deliveries of order-built homes. Sales and operating profit decrease.

Order-built and pre-built homes:

- Decreased deliveries of order-built unit homes as an effect of fewer orders received until the first half of 2007 and postponement of delivery of some units due to improper acquisition of ministerial certification by a supplier of certain components as came to light in late October 2007. Sales and operating profit decrease.
- Value of home orders increasing continuously from Q2 FY07 despite challenging housing market. Orders 0.9% higher than a year ago.

Housing-related operations:

Increased maintenance work in remodeling operations. Sales and operating profit increase.

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.
- Oct., news release of *Improper Acquisition of Ministerial Certification by Nichias Corp.*

Homes (ii)

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	152.5 (+3.5%)	165.9 (-9.3%)	19.5 (-15.1%)	0.5	186.0 (-9.9%)	33.3 (+10.3%)	219.3 (-7.3%)	298.8
	annual	306.1 (+0.9%)	297.1 (-6.5%)	24.5 (-15.4%)	1.0	322.5 (-7.2%)	63.7 (+9.5%)	386.2 (-4.8%)	
FY 08 forecast		315.0 (+2.9%)	311.0 (+4.7%)	34.0 (+38.8%)	1.0	346.0 (+7.3%)	76.0 (+19.3%)	422.0 (+9.3%)	302.5

* Including commissions on property insurance.

Breakdown of FY 2007 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	191.9	-4.8%	6,867	-10.2%	194.6	+3.3%	6,886	+4.1%
	3+ story	69.8	-16.5%	2,497	-21.0%	72.5	-2.1%	2,611	-2.0%
	Total	261.8	-8.2%	9,364	-13.3%	267.1	+1.8%	9,497	+2.4%
Multi-dwelling homes	1-2 story	13.4	+23.4%	1,367	+18.7%	13.5	-4.5%	1,307	-9.7%
	3+ story	21.9	+2.0%	2,227	+1.0%	25.5	-4.9%	2,475	+0.1%
	Total	35.3	+9.2%	3,594	+7.0%	39.0	-4.7%	3,782	-3.5%
Order-built homes total		297.1	-6.5%	12,958	-8.5%	306.1	+0.9%	13,279	+0.6%
Pre-built homes (including condominiums)		24.5	-15.4%	631	-25.8%	–	–	–	–
Other sales*		1.0	-4.6%	–	–	–	–	–	–
Total		322.5	-7.2%	13,589	-9.5%	306.1	+0.9%	13,279	+0.6%
Consolidated subsidiaries		63.7	+9.5%	–	–	–	–	–	–
Consolidated		386.2	-4.8%	13,589	-9.5%	306.1	+0.9%	13,279	+0.6%

* Including commissions on property insurance.

Breakdown of sales and orders forecast for FY 2008

(% 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	202.9	+5.7%	7,070	+3.0%	201.0	+3.3%	6,930	+0.6%
	3+ story	70.1	+0.4%	2,370	-5.1%	73.6	+1.5%	2,690	+3.0%
	Total	273.0	+4.3%	9,440	+0.8%	274.5	+2.8%	9,620	+1.3%
Multi-dwelling homes	1-2 story	16.0	+19.0%	1,420	+3.9%	13.6	+1.1%	1,310	+0.2%
	3+ story	22.0	+0.5%	2,270	+1.9%	26.9	+5.1%	2,530	+2.2%
	Total	38.0	+7.6%	3,690	+2.7%	40.5	+3.7%	3,840	+1.5%
Order-built homes total		311.0	+4.7%	13,130	+1.3%	315.0	+2.9%	13,460	+1.4%
Pre-built homes (including condominiums)		34.0	+38.8%	850	+34.7%	–	–	–	–
Other sales*		1.0	+3.9%	–	–	–	–	–	–
Total		346.0	+7.3%	13,980	+2.9%	315.0	+2.9%	13,460	+1.4%
Consolidated subsidiaries		76.0	+19.3%	–	–	–	–	–	–
Consolidated		422.0	+9.3%	13,980	+2.9%	315.0	+2.9%	13,460	+1.4%

* Including commissions on property insurance.

Performance of main subsidiaries

(¥ billion)

	FY 2006		FY 2007	
	Sales	Operating profit	Sales	Operating profit
Asahi Kasei Reform	25.7	2.3	28.4	2.7
Asahi Kasei Real Estate	30.2	1.8	33.0	1.7

Asahi Kasei Reform**FY 2007**

Growth in maintenance work such as roofing and repainting. Sales and operating profit increase.

FY 2008 forecast

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

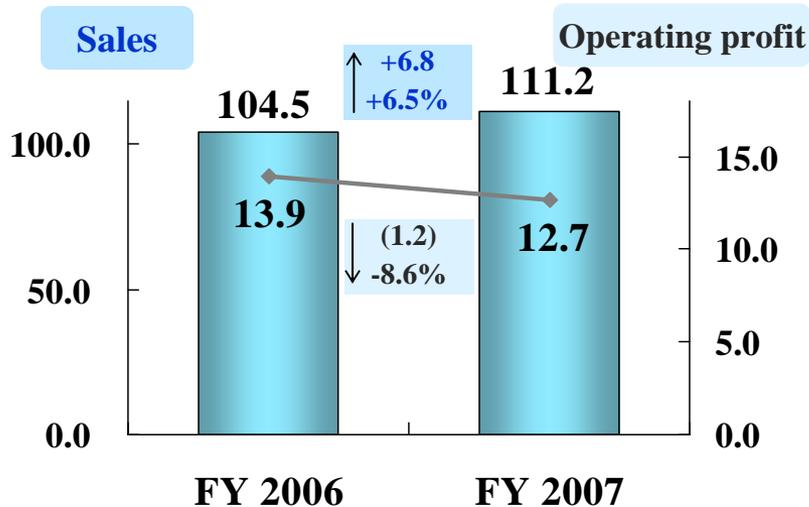
Asahi Kasei Real Estate**FY 2007**

Steady growth in rental income. Increased operating costs. Sales increase, but slight operating profit decrease.

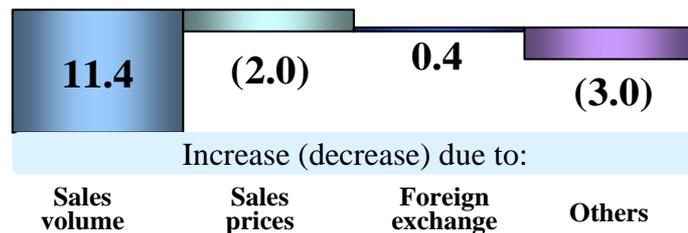
FY 2008 forecast

Sales and operating profit increase with growth in subleasing of Hebel Maison™ apartments.

(¥ billion)

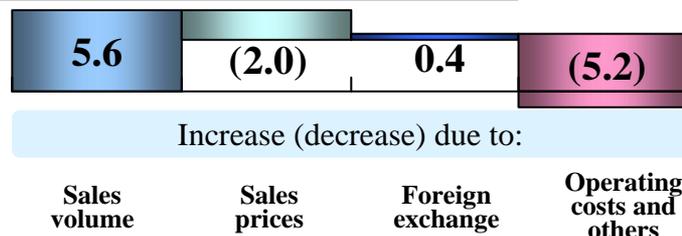


Sales increases/decreases



Increase (decrease) due to:

Operating profit increases/decreases



Increase (decrease) due to:

Review of operations

Pharmaceuticals:

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

Devices:

Growth in each product line in both domestic and overseas markets, most notably in APS™ polysulfone-membrane artificial kidneys with increased shipments following production capacity expansion. 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.
- Aug., start of Phase II-b clinical trial for ART-123 in the US.
- Sep., plant expansion for Planova™ virus removal filters; Jan., new hollow-fiber spinning plant for Planova™ virus removal filters; completion in Mar. 09.
- Oct., integration of artificial kidneys and other devices with Kuraray Medical.
- Dec., termination of alliance in promotion of Voltaren* nonsteroidal anti-inflammatory drug.
- Jan., capacity expansion of Sepacell™ leukocyte reduction filters; completion in Dec. 08.
- Jan., acquisition of approval for production and sale of recombinant thrombomodulin alpha in Japan; to be marketed as Recomodulin™.

* Trademark of Novartis AG.

Sales of Asahi Kasei Pharma Corporation

(¥ billion)

		FY 2006			FY 2007		
		H1	H2	Total	H1	H2	Total
	Pharmaceuticals	24.8	25.9	50.7	24.1	24.3	48.4
	Others	2.9	2.8	5.7	2.9	2.6	5.5
Non-consolidated		27.7	28.7	56.4	27.0	26.9	53.9
Devices*		21.0	22.0	43.1	24.7	26.4	51.1
Others		2.4	2.6	5.0	3.1	3.1	6.2
Consolidated		51.1	53.4	104.5	54.9	56.4	111.2

* Asahi Kasei Kuraray Medical and Asahi Kasei Medical.

Main pharmaceuticals domestic sales

(¥ billion)

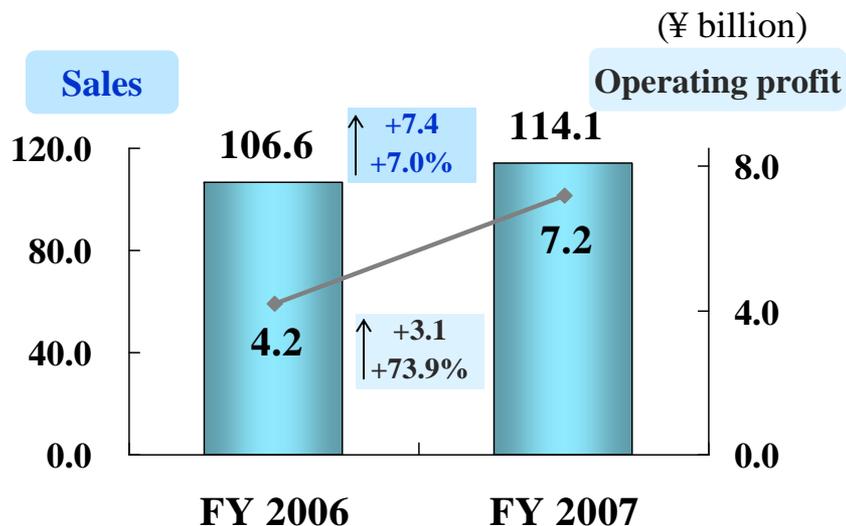
	FY 2006			FY 2007		
	H1	H2	Total	H1	H2	Total
Elcitonin™	7.1	6.6	13.8	7.1	6.8	13.9
Bredinin™	3.0	3.0	6.0	3.1	3.0	6.2
Flivas™	4.6	4.6	9.3	4.7	4.7	9.4
Toledomin™	3.0	3.1	6.0	3.1	3.2	6.3
Exacin™	0.5	0.5	1.1	0.5	0.5	1.0
Zesulan™	0.5	0.8	1.3	0.5	0.7	1.2
Eril™	0.7	0.7	1.4	0.7	0.7	1.5

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™	Isepanamicin 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, name	Indication
Approval acquired on Jan. 25, 2008, pending market launch	ART-123 (Injection)	New biologic	Recombinant human thrombomodulin, Recomodulin™	Disseminated intravascular coagulation
Approval acquired on Apr. 16, 2008, pending market launch	AK-120 (Oral)	New molecular entity	Famciclovir antiviral, Famvir™	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 Pulmonary hypertension
	KT-611 (Oral)	Additional indication	α-1 blocker	Neurogenic bladder



Review of operations

Elastic polyurethane filament:

Overseas operations for Roica™, notably in Europe and the US, performed well with strong market price. Sales and operating profit increase.

Bemberg™ regenerated cellulose:

Increased exports. Sales and operating profit increase.

Nonwovens:

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

Highlights

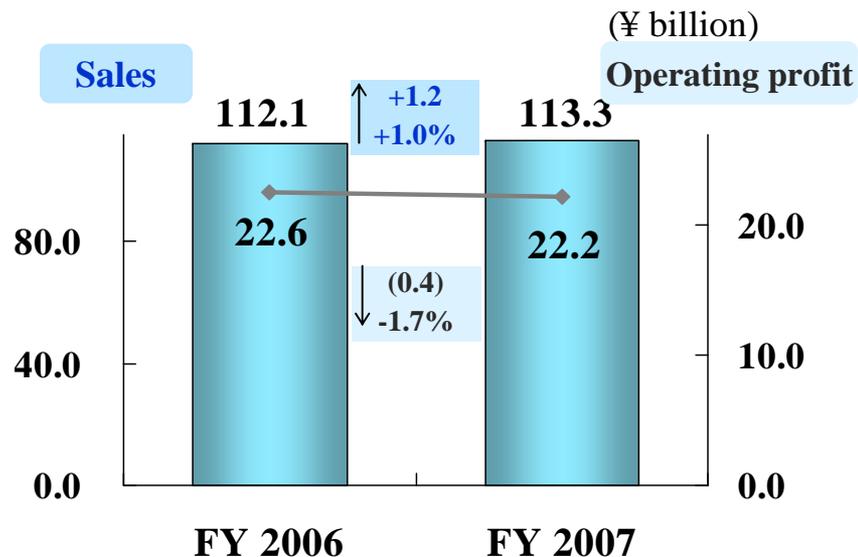
- Sep., completion of plant for Precisé™, a new nonwoven.
- Sep., start of joint project with Kurabo Industries Ltd., named “J-fiber”, for development and marketing of products based on Bemberg™.
- Nov. and Mar., held presentation ceremony of Asahi Kasei Award for Fashion Design Creativity in China and fashion show.

Sales increases/decreases



Operating profit increases/decreases





Review of operations

Electronics devices:

Fewer shipments of LSIs and lower product prices as an effect of inventory adjustments in home electronics markets. Sales and operating profit decrease.

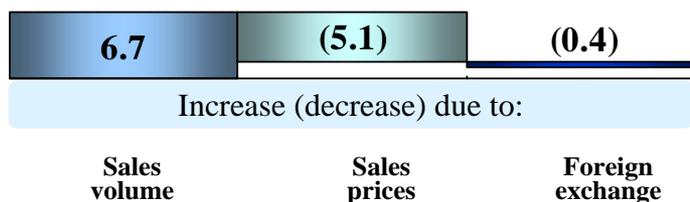
Electronics materials:

Generally increased shipments with strong overseas demand, notably in China. Sales and operating profit increase.

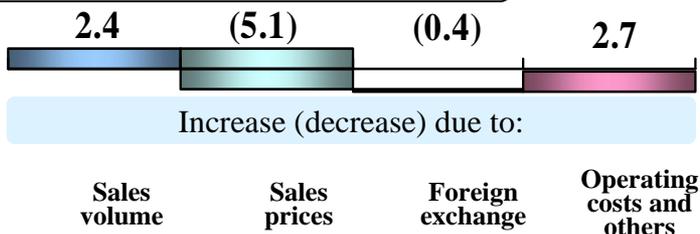
Highlights

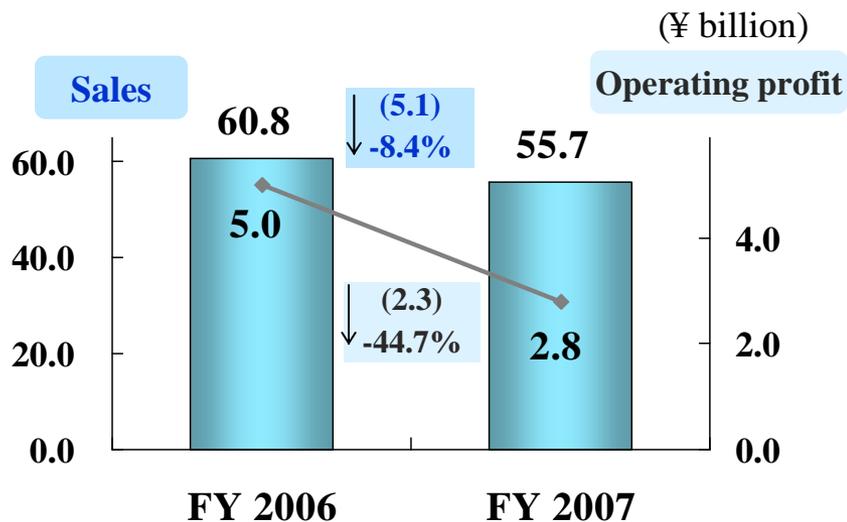
- Aug., decision to construct new production line for pellicles for tenth generation LCD panels.
- Dec., announcement of capacity expansion in China for dry film photoresist for printed wiring boards; start-up in Apr. 08.
- Feb., start-up of new production line for Pimel™ semiconductor buffer coats.

Sales increases/decreases



Operating profit increases/decreases

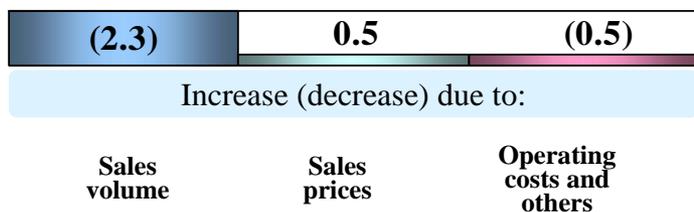




Sales increases/decreases



Operating profit increases/decreases



Review of operations

Building materials and housing materials:

Marketing efforts concentrated on high value-added products such as surface-textured panels. Fewer shipments of Hebel™ autoclaved lightweight concrete (ALC) panels as an effect of decline in construction starts following a building code revision in Japan. Sales and operating profit decrease.

Insulation materials:

Heightened promotional campaigns and efforts to elicit new demand in both building and industrial applications. Decline in construction starts of wood-frame houses. Sales and operating profit decrease.

Foundation systems:

Decreased sales due to weak demand for pre-cast concrete piles. Development of new applications for Eazet™ piles for small-scale construction. Operating profit on par with a year ago.

Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2006	FY 2007	FY 2008 forecast	FY 2006	FY 2007	FY 2008 forecast	FY 2006	FY 2007	FY 2008 forecast
Chemicals	46.0	34.3	43.0	36.1	37.1		17.2	18.5	
Homes	2.7	7.5	7.0	2.4	2.7		1.6	2.1	
Pharma	5.7	10.0	36.0	6.6	6.1		13.1	14.7	
Fibers	6.4	9.3	12.0	5.3	5.7		3.1	3.4	
Electronics Materials & Devices	16.2	17.0	22.0	13.4	13.9		10.3	9.7	
Construction Materials	2.3	2.5	2.5	3.0	3.1		0.8	0.9	
Services, Engineering and Others	0.8	0.8	1.0	0.7	0.8		0.0	0.1	
Corporate assets and eliminations	4.3	1.5	6.5	4.2	4.5		6.3	6.9	
Total	84.4	82.9	130.0	71.6	74.0	89.0	52.4	56.2	60.0

Purchases of investment securities,
not included in the above capital expenditures

3.0 2.1 20.0

Completed in FY 2007

- APS™ polysulfone-membrane artificial kidneys – 3.6 million module/y capacity increase at assembly plant in Hangzhou, China, Apr.
- Duranate™ hexamethylene diisocyanate-based polyisocyanate – new 10 kt/y plant in Nantong, China, Jul.
- Roica™ spandex – plant expansion in US, Jun. and in Thailand, Mar.
- Precisé™ nonwovens – new 2 kt/y plant in Moriyama, Sep.
- Planova™ virus removal filters – 20,000 m²/y capacity expansion at assembly plant in Nobeoka, Oct.
- Homes – establishment of housing R&D center in Fuji, Oct.*
- EVOH hollow fiber membrane for artificial kidneys – new 2.6 million module/y plant in Nobeoka, Oct; start of production, May 08.
- Pimel™ semiconductor buffer coats – plant expansion in Fuji, start-up in Feb.

* Investment of ¥3 billion or more.

Under construction at FY 2007 year-end

- Sunfort™ dry film photoresist for printed wiring boards – 100 million m²/y capacity increase in Suzhou, China, Apr. 08.
- Roica™ spandex – plant expansion in Germany, Apr. 08, in Thailand, Aug. 08 and in US, Dec. 08.
- Ion-exchange membranes – 110 thousand m²/y capacity increase in Kawasaki, May 08.
- APS™ polysulfone-membrane artificial kidneys – new 5.5 million module/y plant for dry-pack APS™ polysulfone-membrane artificial kidneys with integrated spinning and assembly lines in Nobeoka, Sep. 08.*
- Fibers – advances technology center in Moriyama, Sep. 08.
- Photomask pellicles – new production line for tenth generation LCD panels in Nobeoka, Nov. 08.
- Sepacell™ leukocyte reduction filters – 4 million module/y capacity increase in Oita, Dec. 08.
- Planova™ virus removal filters – 40,000 m²/y capacity expansion at hollow-fiber spinning plant in Nobeoka, Mar. 09.*
- Hipore™ Li-ion rechargeable battery separator – 20 million m²/y capacity increase in Moriyama, FY 08 and new 20 million m²/y plant in Hyuga, beginning of 10.*
- LSIs – plant expansions in Nobeoka, FY 08.*
- Power generation – new boiler using SDA pitch in Mizushima, NEDO-supported energy conservation project, Jul. 09.*
- New integrated research complex in Fuji, Jul. 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.