

Fiscal quarter ended June 2008

– supplementary financial summary –

August 6, 2008

Asahi Kasei Corporation

Consolidated results for fiscal quarter ended June 2008

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Consolidated results for fiscal quarter ended June 2008

Summary of financial results

AsahiKASEI

(¥ billion)

	April–June 2007	April–Sept. 2007	April–June 2008 a	April–Sept. 2008 forecast in May b	April–June 2007 vs. 2008		a/b
					Increase (decrease)	% change	
Net sales	385.2	830.8	386.0	856.0	0.8	+0.2	45.1%
Operating profit	25.9	63.7	19.4	50.5	(6.5)	-25.1	38.4%
Ordinary profit	28.2	63.1	21.2	49.5	(7.0)	-24.7	42.9%
Net income	18.1	38.0	13.5	30.0	(4.6)	-25.5	44.9%

Key operating factors

Naphtha price (¥/kL, domestic)	57,800	58,750	70,900	68,000
¥/US\$ exchange rate (market average)	121	119	105	105

Financial position

	At end of March 2008	At end of June 2008	Increase (decrease)
Total assets	1,425.4	1,480.5	55.1
Equity	666.2	666.9	0.7
Interest-bearing debt	211.4	259.3	47.9
Debt/equity ratio	0.32	0.39	0.07

Statements of income

Asahi**KASEI**

(¥ billion)

	April–June 2007		April–June 2008		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	385.2	100.0%	386.0	100.0%	0.8	+0.2
Cost of sales	291.0	75.6%	295.6	76.6%	4.6	+1.6
Gross profit	94.1	24.4%	90.4	23.4%	(3.8)	-4.0
Selling, general and administrative expenses	68.2	17.7%	71.0	18.4%	2.8	+4.0
Operating profit	25.9	6.7%	19.4	5.0%	(6.5)	-25.1
Non-operating expenses	2.3		1.8		(0.5)	
of which,						
financing income and expense	0.9		0.6		(0.3)	
equity in net earnings of unconsolidated subsidiaries and affiliates	1.0		0.4		(0.6)	
Ordinary profit	28.2	7.3%	21.2	5.5%	(7.0)	-24.7
Special gains and losses	(0.4)		(0.6)		(0.2)	
Income before income taxes and minority interest	27.9	7.2%	20.7	5.4%	(7.2)	-25.8
Income taxes	(9.7)		(6.9)		2.7	
Minority interest in income of consolidated subsidiaries	(0.1)		(0.3)		(0.1)	
Net income	18.1	4.7%	13.5	3.5%	(4.6)	-25.5

Balance sheets

AsahiKASEI

(¥ billion)

	At end of Mar. 2008	At end of Jun. 2008	Increase (decrease)		At end of Mar. 2008	At end of Jun. 2008	Increase (decrease)
Current assets	740.1	767.1	27.0	Liabilities	751.2	805.7	54.5
Cash on hand and in banks	82.9	84.7	1.8	Current liabilities	513.4	582.5	69.1
Notes and accounts receivable, trade	298.8	296.4	(2.4)	Long-term liabilities	237.8	223.3	(14.5)
Inventories	272.4	296.5	24.2	Net assets	674.2	674.7	0.6
Other current assets	86.0	89.5	3.4	Shareholders' equity	613.0	617.6	4.5
Fixed assets	685.3	713.4	28.1	Common stock	103.4	103.4	–
Property, plant and equipment	424.2	429.0	4.9	Capital surplus	79.4	79.4	0.0
Intangible fixed assets	26.2	37.6	11.4	Retained earnings	432.2	436.8	4.5
Investments and other assets	234.9	246.8	11.9	Treasury stock, at cost	(2.0)	(2.1)	(0.0)
				Valuation, translation adjustments and others	53.2	49.4	(3.8)
				Minority interest in consolidated subsidiaries	7.9	7.8	(0.1)
Total assets	1,425.4	1,480.5	55.1	Total liabilities and net assets	1,425.4	1,480.5	55.1

(¥ billion)

	Q1 2007	Q1 2008
a. Cash flows from operating activities	(10.7)	4.8
b. Cash flows from investing activities	(14.4)	(40.5)
c. Free cash flows [a+b]	(25.1)	(35.7)
d. Cash flows from financing activities	(15.1)	40.3
e. Effect of exchange rate changes on cash and cash equivalents	(0.0)	(2.8)
f. Net decrease in cash and cash equivalents [c+d+e]	(40.2)	1.7
g. Cash and cash equivalents at beginning of year	101.7	83.0
h. Cash and cash equivalents held by newly consolidated subsidiaries	–	–
I. Cash and cash equivalents at end of year [f+g+h]	61.5	84.8

Sales and operating profit by segment

AsahiKASEI

(¥ billion)

	Sales			Operating profit		
	Q1 2007	Q1 2008	Increase (decrease)	Q1 2007	Q1 2008	Increase (decrease)
Chemicals	218.1	210.4	(7.7)	17.2	9.1	(8.1)
Homes	62.3	63.7	1.4	(2.8)	(3.7)	(0.9)
Pharma	27.2	34.6	7.4	4.6	9.0	4.4
Fibers	28.2	26.7	(1.5)	1.7	1.2	(0.5)
Electronics Materials & Devices	29.2	28.2	(1.1)	5.8	4.5	(1.2)
Construction Materials	15.2	14.7	(0.6)	1.1	0.3	(0.7)
Services, Engineering and Others	4.8	7.7	2.9	0.4	1.3	0.9
Corporate Expenses and Eliminations	–	–	–	(2.0)	(2.3)	(0.3)
Consolidated	385.2	386.0	0.8	25.9	19.4	(6.5)

Sales increases/decreases by segment

AsahiKASEI

(Q1 2007 vs. Q1 2008, ¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	Q1 2007	Q1 2008	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	218.1	210.4	(5.2)	5.5	(6.1)	(8.0)	(7.7)
Homes	62.3	63.7	(0.8)	0.5	–	1.7	1.4
Pharma	27.2	34.6	3.3	(1.9)	(0.2)	6.0	7.4
Fibers	28.2	26.7	(1.9)	0.4	(0.3)	0.0	(1.5)
Electronics Materials & Devices	29.2	28.2	0.8	(1.6)	(1.2)	(0.3)	(1.1)
Construction Materials	15.2	14.7	(0.6)	0.1	–	0.0	(0.6)
Services, Engineering and Others	4.8	7.7	2.9	0.0	0.0	0.0	2.9
Total	385.2	386.0	(1.5)	2.9	(7.8)	(0.6)	0.8

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

(Q1 2007 vs. Q1 2008, ¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	Q1 2007	Q1 2008	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	17.2	9.1	(1.4)	5.5	(6.1)	(12.2)	(8.1)
Homes	(2.8)	(3.7)	(0.9)	0.5	–	(0.6)	(0.9)
Pharma	4.6	9.0	2.3	(1.9)	(0.2)	4.0	4.4
Fibers	1.7	1.2	0.0	0.4	(0.3)	(0.9)	(0.5)
Electronics Materials & Devices	5.8	4.5	0.5	(1.6)	(1.2)	(0.2)	(1.2)
Construction Materials	1.1	0.3	(0.2)	0.1	–	(0.6)	(0.7)
Services, Engineering and Others	0.4	1.3	1.0	0.0	0.0	(0.0)	0.9
Corporate Expenses and Eliminations	(2.0)	(2.3)	–	–	–	(0.3)	(0.3)
Total	25.9	19.4	1.4	2.9	(7.8)	(10.8)	(6.5)

Forecast for first fiscal half 2008

Consolidated operating performance

Asahi**KASEI**

(¥ billion)

	FY 2007			H1 2008 forecast			Increase (decrease)	FY 2008 forecast in May		Increase (decrease)
	H1	H2	Total	Q1	Q2	b		H1	Total	
	a				forecast		b-a	c	b-c	
Net sales	830.8	866.0	1,696.8	386.0	472.0	858.0	27.2	856.0	1,810.0	2.0
Operating profit	63.7	64.0	127.7	19.4	18.6	38.0	(25.7)	50.5	128.0	(12.5)
Ordinary profit	63.1	57.3	120.5	21.2	15.8	37.0	(26.1)	49.5	125.0	(12.5)
Net income	38.0	31.9	69.9	13.5	8.5	22.0	(16.0)	30.0	75.0	(8.0)

Key operating factors

Naphtha price (¥/kL, domestic)	58,750	64,150	61,450	70,900	87,000	78,950	20,200	68,000	68,000	10,950
¥/US\$ exchange rate (market average)	119	109	114	105	105	105	(14)	105	105	0

Sales forecast by segment

Asahi**KASEI**

(¥ billion)

	FY 2007			FY 2008			Increase (decrease)	H1 2008 forecast in May	Increase (decrease)
	Q1	Q2	1st half	Q1	Q2 forecast	1st half forecast			
Chemicals	218.1	228.3	446.4	210.4	249.6	460.0	13.6	447.0	13.0
Homes	62.3	104.6	166.9	63.7	109.3	173.0	6.1	178.0	(5.0)
Pharma	27.2	27.6	54.9	34.6	28.4	63.0	8.2	63.0	–
Fibers	28.2	28.7	56.9	26.7	29.3	56.0	(0.9)	59.0	(3.0)
Electronics Materials & Devices	29.2	28.4	57.7	28.2	29.8	58.0	0.3	61.0	(3.0)
Construction Materials	15.2	14.7	29.9	14.7	15.3	30.0	0.1	31.0	(1.0)
Services, Engineering and Others	4.8	13.2	18.1	7.7	10.3	18.0	(0.1)	17.0	1.0
Consolidated	385.2	445.6	830.8	386.0	472.0	858.0	27.2	856.0	2.0

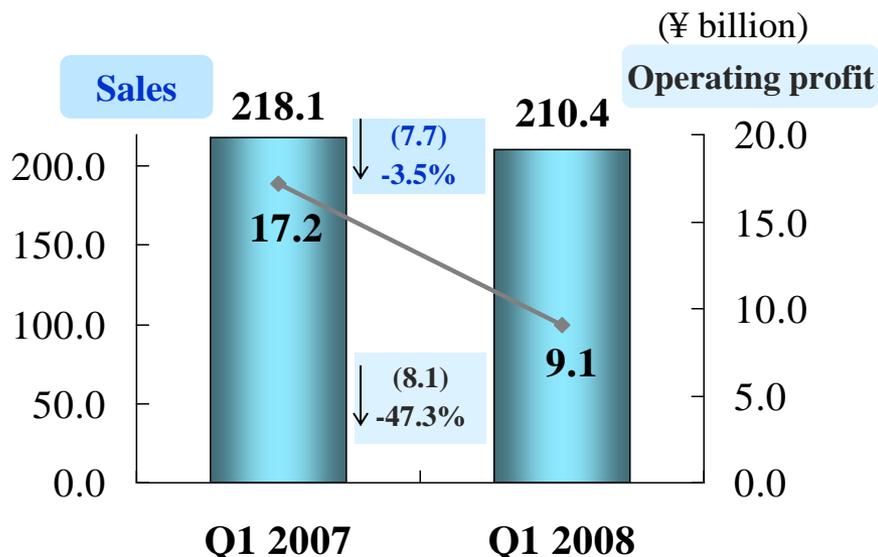
Operating profit forecast by segment

Asahi**KASEI**

(¥ billion)

	FY 2007			FY 2008			Increase (decrease)	H1 2008 forecast in May	Increase (decrease)
	Q1	Q2	1st half	Q1	Q2 forecast	1st half forecast			
Chemicals	17.2	19.0	36.2	9.1	7.4	16.5	(19.7)	25.5	(9.0)
Homes	(2.8)	7.6	4.8	(3.7)	6.7	3.0	(1.8)	5.0	(2.0)
Pharma	4.6	3.1	7.7	9.0	1.0	10.0	2.3	9.5	0.5
Fibers	1.7	1.8	3.5	1.2	0.3	1.5	(2.0)	2.5	(1.0)
Electronics Materials & Devices	5.8	5.7	11.5	4.5	4.5	9.0	(2.5)	9.5	(0.5)
Construction Materials	1.1	1.0	2.1	0.3	0.2	0.5	(1.6)	1.5	(1.0)
Services, Engineering and Others	0.4	2.4	2.7	1.3	1.2	2.5	(0.2)	2.0	0.5
Corporate Expenses and Eliminations	(2.0)	(2.9)	(4.9)	(2.3)	(2.7)	(5.0)	(0.1)	(5.0)	–
Consolidated	25.9	37.8	63.7	19.4	18.6	38.0	(25.7)	50.5	(12.5)

Appendix



Review of operations

Good performance in specialty products. Strong impact of higher feedstock costs for volume products. Sales and operating profit decrease.

Volume products:

Maintenance turnaround at ethylene center, which was not carried out a year ago. Strong yen and higher feedstock costs. Operating profit decrease.

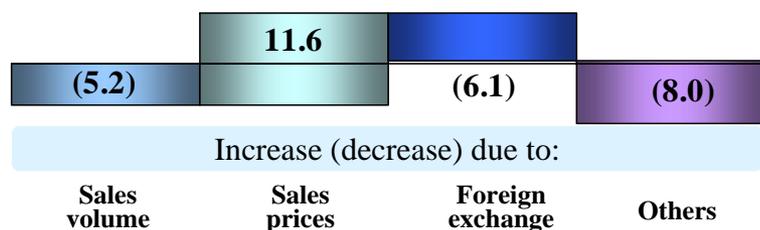
Specialty products:

Increased sales of Hipore™ Li-ion rechargeable battery separators and ion-exchange membranes. Operating profit increase.

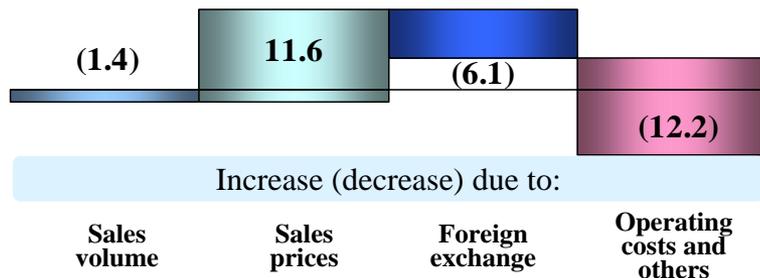
Highlights

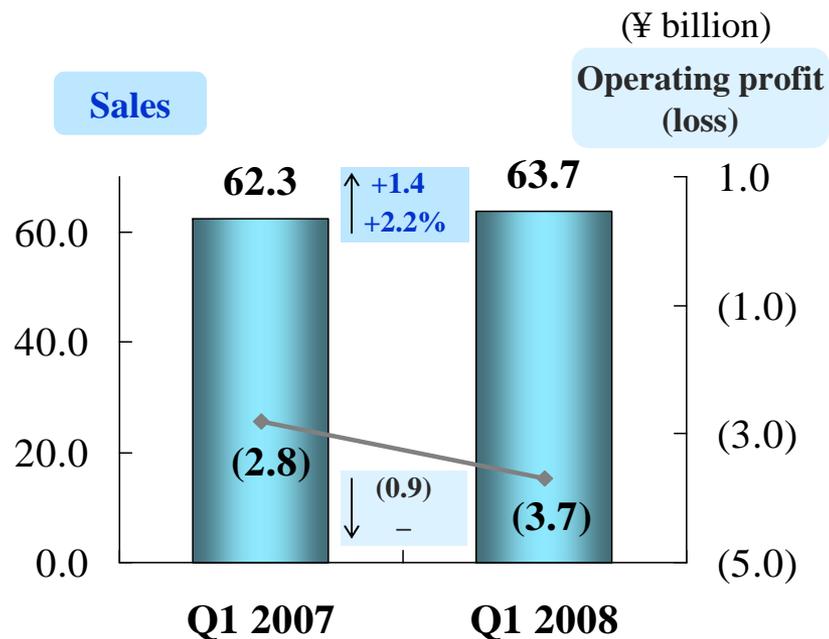
- April, launch of wastewater recycling business; first order received for wastewater recycling service, in Suzhou, China.
- June, start of utilization of wood biomass fuel for power generation.

Sales increases/decreases



Operating profit increases/decreases





Review of operations

Good performance of remodeling business.
 Decreased deliveries of order-built unit homes.
 Sales increase, but operating loss increase.

With challenging general climate for housing,
 value of new orders decreasing 3.0% from the first
 quarter a year ago.

Results by product category*

	Q1 2007		Q1 2008		Increase (decrease)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Order-built homes	46.6	/	44.4	/	(2.2)	/
Pre-built homes	0.9	/	2.6	/	1.7	/
Others	0.1	/	0.2	/	0.1	/
Total homes	47.6	(4.0)	47.2	(4.9)	(0.4)	(0.9)
Housing-related	14.7	1.2	16.5	1.2	1.8	0.0
Total	62.3	(2.8)	63.7	(3.7)	1.4	(0.9)

* Product category division unaudited.

Homes (ii)

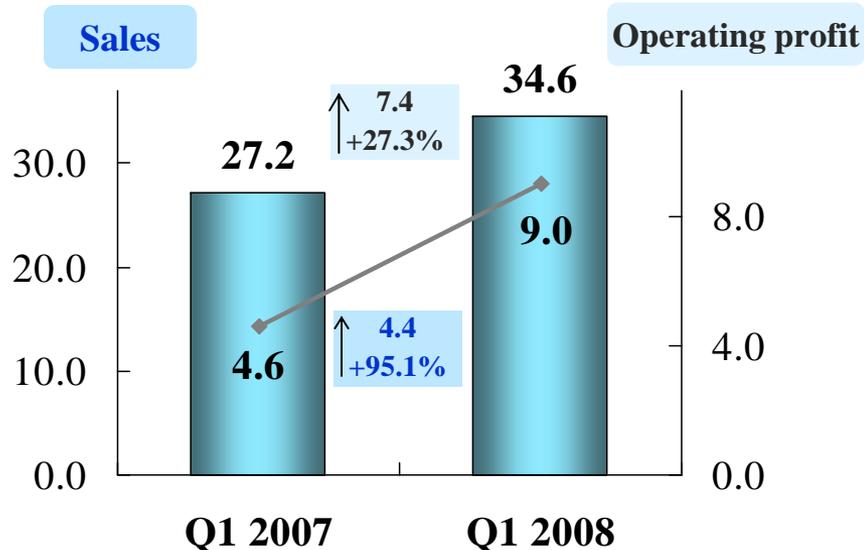
Sales and order trends

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

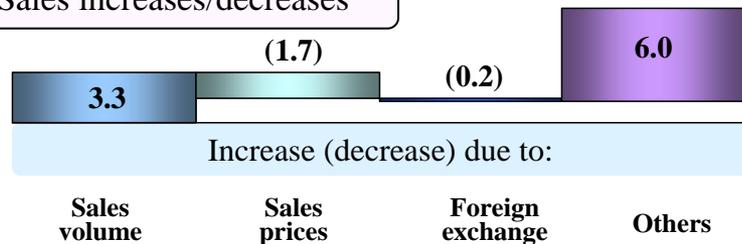
		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes	Other sales*	Unconsolidated	Consolidated subsidiaries	Consolidated	Order backlog
FY 04	H1	153.1 (-5.2%)	138.9 (+14.6%)	6.6 (+25.3%)	0.5	146.0 (+15.0%)	21.3 (+1.9%)	167.3 (+13.2%)	333.2
	H2	148.7 (-5.1%)	171.9 (+7.5%)	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%)	
FY05	H1	150.4 (-1.7%)	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	24.2 (+13.8%)	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%)	26.2 (+16.4%)	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%)	
FY07	Q1	79.6 (-4.9%)	46.6 (+7.1%)	0.9 (-51.3%)	0.1	47.6 (+4.8%)	14.7 (+11.4%)	62.3 (+6.4%)	322.8
	Q2	74.0 (2.4%)	84.6 (-7.3%)	4.1 (-1.8%)	0.3	89.0 (-7.1%)	15.6 (+5.4%)	104.6 (-5.3%)	312.3
	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%)	
FY08	Q1	77.3 (-3.0%)	44.4 (-4.7%)	2.6 (+196.2%)	0.2	47.2 (-0.9%)	16.5 (+12.2%)	63.7 (+2.2%)	331.7
	Q2	76.7 (+3.7%)	86.2 (+1.9%)	4.2 (+2.7%)	0.2	90.7 (+1.9%)	18.7 (+19.7%)	109.3 (+4.5%)	322.2
	H1 forecast	154.0 (0.0%)	130.6 (-0.4%)	6.8 (36.4%)	0.4	137.8 (+0.9%)	35.2 (+16.1%)	173.0 (+3.7%)	

* Including commissions on property insurance.

(¥ billion)

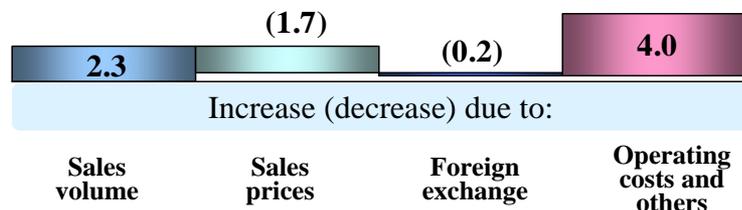


Sales increases/decreases



Increase (decrease) due to:

Operating profit increases/decreases



Increase (decrease) due to:

Review of operations

Decline of reimbursement prices for both pharmaceuticals and medical devices. Licensing income for Famvir™ antiviral for herpes zoster. Increased shipments of APS™ polysulfone-membrane artificial kidneys and Sepacell™ leukocyte reduction filters. Sales and operating profit increase.

Highlights

- April, establishment of medical device sales subsidiary in Taiwan.
- April, approval acquired for Famvir™ antiviral for herpes zoster and marketing alliance with Maruho Co., Ltd.; July, NHI price listing.
- April, NHI price listing for Recomodulin™ recombinant thrombomodulin.
- May, completion of spinning plant for EVOH hollow-fiber membrane; June, start of production.
- June, decision to expand capacity for APS™ polysulfone hollow-fiber dialyzer membrane.
- June, license agreement for exclusive rights in Japan to develop and sell pentosan polysulfate for osteoarthritis.
- July, establishment of new laboratory for joint research linking industry and academia for advanced medical technology.

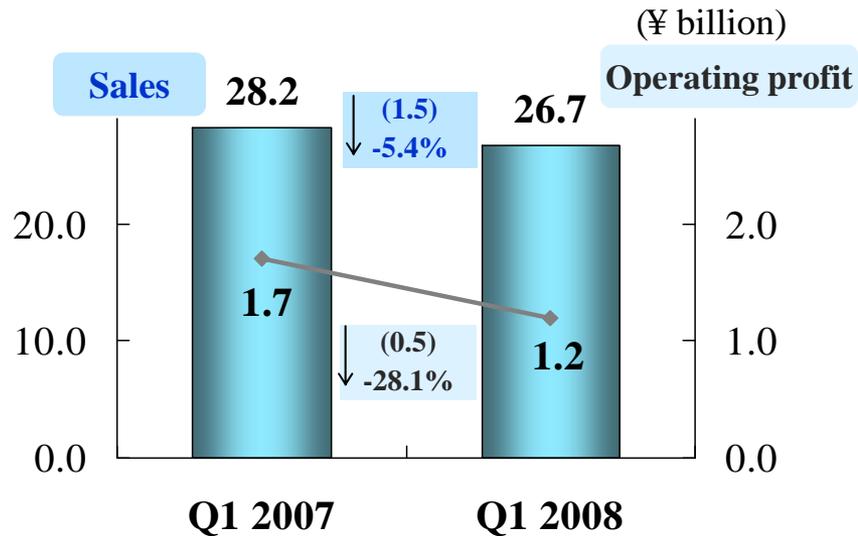
Sales of Asahi Kasei Pharma Corp. (¥ billion)

		FY 2007		FY 2008
		Q1	H1	Q1
	Pharmaceuticals	12.1	24.1	18.4
	Others	1.5	2.9	1.1
Non-consolidated		13.6	27.0	19.5
Devices*		12.4	24.7	13.5
Others		1.2	3.1	1.6
Consolidated		27.2	54.9	34.6

* Asahi Kasei Kuraray Medical and Asahi Kasei Medical.

Main pharmaceuticals domestic sales (¥ billion)

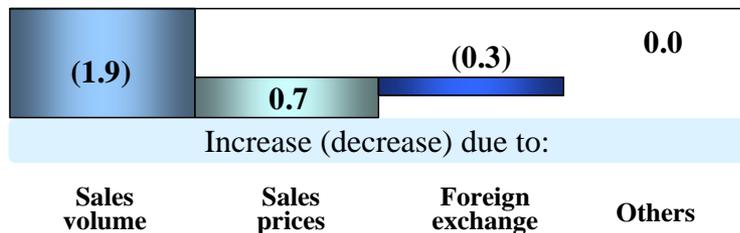
	FY 2007		FY 2008
	Q1	H1	Q1
Elcitonin™	3.5	7.1	3.3
Bredinin™	1.6	3.1	1.6
Flivas™	2.4	4.7	2.2
Toledomin™	1.6	3.1	1.5
Exacin™	0.3	0.5	0.2
Zesulan™	0.3	0.5	0.3
Eril™	0.4	0.7	0.4



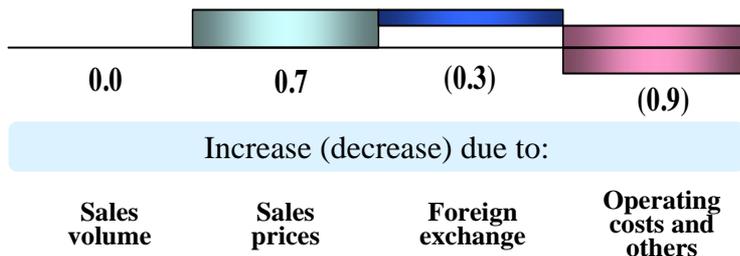
Review of operations

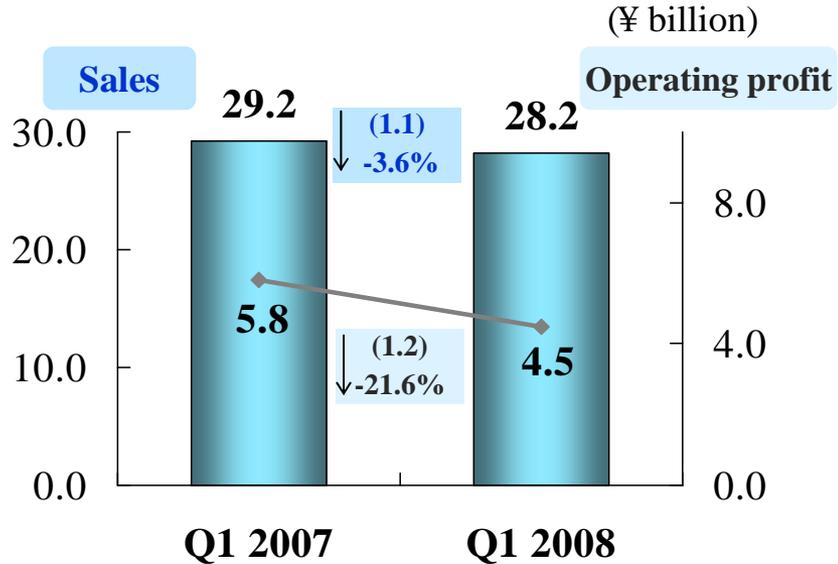
Deterioration of market price for Roica™ elastic polyurethane filament. Strong impact of rising feedstock and fuel costs for Bemberg™ regenerated cellulose and nonwovens operations. Sales and operating profit decrease.

Sales increases/decreases



Operating profit increases/decreases





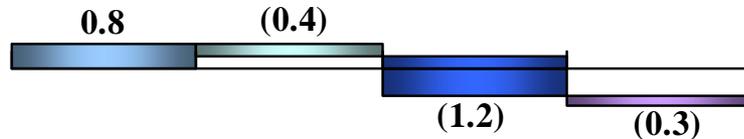
Review of operations

Increased volume both for electronics devices and electronics materials. Lower product prices. Strong yen. Sales and operating profit decrease.

Highlights

- June, completion of plant expansion for Sunfort™ dry film photoresist for printed wiring boards in China and start of production.

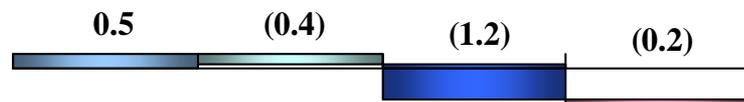
Sales increases/decreases



Increase (decrease) due to:

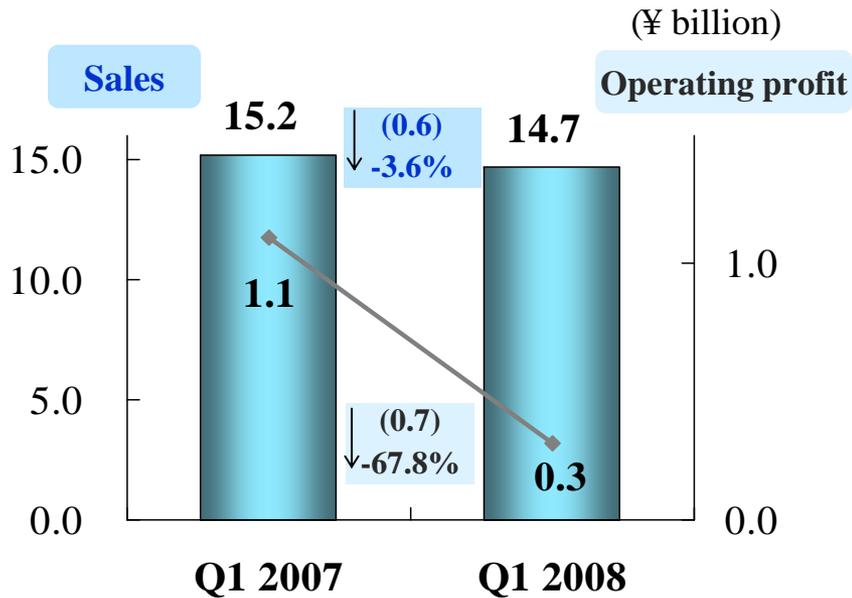
Sales volume Sales prices Foreign exchange Others

Operating profit increases/decreases



Increase (decrease) due to:

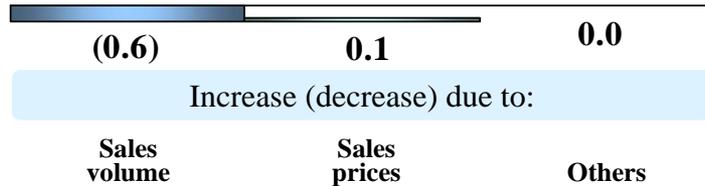
Sales volume Sales prices Foreign exchange Operating costs and others



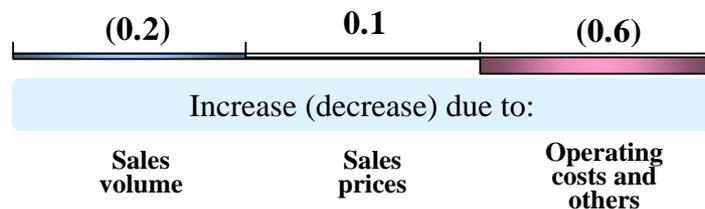
Review of operations

Strong impact from a decline in the number of new construction starts and a sharp rise in feedstock and fuel costs for Hebel™ autoclaved lightweight concrete (ALC) panels and Neoma™ high-performance phenolic foam insulation panels. Sales and operating profit decrease.

Sales increases/decreases



Operating profit increases/decreases



– 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.