

# Fiscal 2008 Financial Results

– supplementary financial summary –

May 12, 2009

Asahi Kasei Corporation

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## Consolidated results for FY 2008

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# Consolidated Results for Fiscal Year 2008

# Summary of financial results (i)

(¥ billion)

	FY 2007	FY 2008		FY 2008 vs. FY 2007		Actual vs. forecast	
		Actual	Forecast in Apr.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,696.8	1,553.1	1,557.0	(143.7)	-8.5%	(3.9)	-0.2%
Operating profit	127.7	35.0	34.0	(92.7)	-72.6%	1.0	+2.8%
Ordinary profit	120.5	32.5	29.0	(88.0)	-73.0%	3.5	+12.1%
Net income	69.9	4.7	7.0	(65.2)	-93.2%	(2.3)	-32.2%

At closing	FY 2007	FY 2008	Increase (decrease)
Total assets	1,425.4	1,379.3	(46.0)
Equity	666.2	603.8	(62.4)
Interest-bearing debt	211.4	315.6	104.2
Debt/equity ratio	0.32	0.52	0.20

# Summary of financial results (ii)

	FY 2007	FY 2008
Net income per share (EPS)	¥50.01	¥3.39
Dividends per share	¥13	¥10
Payout ratio	26.0%	295.0%
Net income per total assets (ROA)	4.8%	0.3%
Net income per shareholders' equity (ROE)	10.7%	0.7%
Shareholders' equity per share (BPS)	¥476.39	¥431.77

## Scope of consolidation

Number of consolidated subsidiaries	106	103
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	50	51

## Key operating factors

Naphtha price (¥/kL, domestic)	61,450	58,925
¥/US\$ exchange rate (market average)	114	101
Employees at year end	23,854	24,244

# Statements of income

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(¥ billion)

	FY 2007		FY 2008		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,696.8	100.0%	1,553.1	100.0%	(143.7)	-8.5%
Cost of sales	1,289.0	76.0%	1,237.8	79.7%	(51.2)	-4.0%
Gross profit	407.8	24.0%	315.3	20.3%	(92.5)	-22.7%
Selling, general and administrative expenses	280.2	16.5%	280.3	18.0%	0.2	+0.1%
Operating profit	127.7	7.5%	35.0	2.3%	(92.7)	-72.6%
Non-operating expenses	(7.2)		(2.5)		4.7	
of which,						
financing income and expense	(0.2)		(0.7)		(0.5)	
equity in net earnings of unconsolidated subsidiaries and affiliates	3.8		0.8		(2.9)	
Ordinary profit	120.5	7.1%	32.5	2.1%	(88.0)	-73.0%
Special gains and losses	(14.9)		(13.5)		1.4	
Income before income taxes and minority interest	105.6	6.2%	19.0	1.2%	(86.6)	-82.0%
Income taxes	(35.0)		(13.7)		21.3	
Minority interest in income of consolidated subsidiaries	(0.6)		(0.6)		0.1	
Net income	69.9	4.1%	4.7	0.3%	(65.2)	-93.2%

# Financing activity

## Financing income and expenses

(¥ billion)

	FY 2007	FY 2008	Increase (decrease)
Interest expense	(4.2)	(4.3)	(0.1)
Interest income	0.9	1.0	0.1
Dividend income	3.2	2.6	(0.6)
Others	(0.1)	(0.1)	0.0
Total	(0.2)	(0.7)	(0.5)

## Interest-bearing debt

(¥ billion)

	FY 2007	FY 2008	Increase (decrease)
Short-term borrowings	43.2	100.8	57.6
Commercial Paper	55.0	55.0	–
Long-term borrowings	63.2	132.5	69.3
Bonds	50.0	25.0	(25.0)
Lease obligations	–	2.3	2.3
Total	211.4	315.6	104.2

# Special gains and losses

(¥ billion)

	FY 2007	FY 2008	Increase (decrease)
Special gains			
Gain on sale of investment securities	3.4	0.0	(3.4)
Gain on sale of property, plant and equipment	0.3	0.5	0.2
Gain on change in equity	0.6	–	(0.6)
<b>Total special gains</b>	<b>4.3</b>	<b>0.5</b>	<b>(3.8)</b>
Special losses			
Loss on sale of investment securities	–	0.1	0.1
Loss on devaluation of investment securities	1.0	0.7	(0.3)
Loss on disposal of property, plant and equipment	6.8	5.9	(0.9)
Impairment loss	4.8	0.3	(4.5)
Charge for environmental countermeasures	2.2	1.9	(0.3)
Charge for remediation of homes delivered in previous years	3.0	–	(3.0)
Restructuring charges	1.3	5.0	3.7
<b>Total special losses</b>	<b>19.2</b>	<b>14.0</b>	<b>(5.1)</b>
<b>Net special gains (losses)</b>	<b>(14.9)</b>	<b>(13.5)</b>	<b>1.4</b>

# FY 2008 vs. FY 2007 sales and operating profit by segment

(¥ billion)

	Sales			Operating profit		
	FY 2007	FY 2008	Increase (decrease)	FY 2007	FY 2008	Increase (decrease)
Chemicals	879.2	741.5	(137.7)	65.2	(0.4)	(65.6)
Homes	386.2	409.9	23.7	21.4	21.9	0.5
Pharma	111.2	119.6	8.4	12.7	12.0	(0.6)
Fibers	114.1	102.2	(11.9)	7.2	(0.9)	(8.1)
Electronics Materials & Devices	113.3	91.7	(21.5)	22.2	3.3	(18.9)
Construction Materials	55.7	60.9	5.2	2.8	1.7	(1.1)
Services, Engineering and Others	37.0	27.3	(9.7)	5.2	5.6	0.5
Corporate Expenses and Eliminations	–	–	–	(9.0)	(8.3)	0.7
<b>Total</b>	<b>1,696.8</b>	<b>1,553.1</b>	<b>(143.7)</b>	<b>127.7</b>	<b>35.0</b>	<b>(92.7)</b>

# Overseas sales by segment

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(¥ billion)

	FY 2007			FY 2008			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	879.2	354.8	40.4	741.5	285.0	38.4	(69.9)	-19.7%
Homes	386.2	–	–	409.9	–	–	–	–
Pharma	111.2	27.9	25.1	119.6	29.1	24.4	1.2	+4.5%
Fibers	114.1	41.4	36.3	102.2	33.5	32.8	(7.9)	-19.1%
Electronics Materials & Devices	113.3	50.5	44.6	91.7	40.7	44.3	(9.8)	-19.4%
Construction Materials	55.7	–	–	60.9	–	–	–	–
Services, Engineering and Others	37.0	12.8	34.5	27.3	5.7	20.9	(7.1)	-55.3%
Total	1,696.8	487.3	28.7	1,553.1	394.0	25.4	(93.4)	-19.2%
Sales to East Asia*		287.9	17.0		233.2	15.0	(54.6)	-19.0%

Sales, excluding Homes and  
Construction Materials

1,254.8    487.3    38.8    1,082.3    394.0    36.4

\* China, Korea, and Taiwan.

# Sales increases/decreases by segment, FY 2008 vs. FY 2007

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(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	FY 2007	FY 2008	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	879.2	741.5	(127.7)	(7.2)	(17.9)	(2.8)	(137.7)
Homes	386.2	409.9	15.7	2.6	–	5.4	23.7
Pharma	111.2	119.6	9.5	(7.4)	(2.6)	6.3	8.4
Fibers	114.1	102.2	(10.3)	(1.6)	(2.9)	0.0	(11.9)
Electronics Materials & Devices	113.3	91.7	(11.6)	(9.5)	(3.5)	(0.4)	(21.5)
Construction Materials	55.7	60.9	3.9	1.3	–	0.0	5.2
Services, Engineering and Others	37.0	27.3	(9.7)	0.0	0.0	0.0	(9.7)
Total	1,696.8	1,553.1	(130.3)	(21.9)	(26.9)	8.5	(143.7)

# Operating profit increases/decreases by segment, FY 2008 vs. FY 2007

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(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	FY 2007	FY 2008	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	65.2	(0.4)	(19.5)	(7.2)	(17.9)	(38.9)	(65.6)
Homes	21.4	21.9	3.3	2.6	–	(5.4)	0.5
Pharma	12.7	12.0	8.8	(7.4)	(2.6)	(2.0)	(0.6)
Fibers	7.2	(0.9)	(3.1)	(1.6)	(2.9)	(3.4)	(8.1)
Electronics Materials & Devices	22.2	3.3	(5.1)	(9.5)	(3.5)	(4.3)	(18.9)
Construction Materials	2.8	1.7	0.7	1.3	–	(3.1)	(1.1)
Services, Engineering and Others	5.2	5.6	0.4	0.0	0.0	0.1	0.5
Corporate expenses and eliminations	(9.0)	(8.3)	–	–	–	0.7	0.7
<b>Total</b>	<b>127.7</b>	<b>35.0</b>	<b>(14.5)</b>	<b>(21.9)</b>	<b>(26.9)</b>	<b>(56.3)</b>	<b>(92.7)</b>

# Sales increases/decreases by segment, H2 FY 2008 vs. FY 2007

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	H2 2007	H2 2008	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	432.8	288.2	(105.8)	(28.8)	(7.9)	(10.0)	(144.6)
Homes	219.3	239.6	14.7	1.2	–	4.4	20.3
Pharma	56.4	56.8	4.9	(4.5)	(2.3)	0.0	0.4
Fibers	57.1	46.3	(8.9)	(1.9)	(1.6)	0.0	(10.8)
Electronics Materials & Devices	55.6	35.9	(13.9)	(5.7)	(2.0)	(0.2)	(19.7)
Construction Materials	25.8	29.6	2.8	1.0	–	0.0	3.8
Services, Engineering and Others	19.0	13.4	(5.6)	0.0	0.0	0.0	(5.6)
Total	866.0	709.9	(111.7)	(38.7)	(13.8)	(5.8)	(156.1)

# Operating profit increases/decreases by segment, H2 FY 2008 vs. FY 2007

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(¥ billion)

	Operating profit		Increase (decrease) due to:				Net increase (decrease)
	H2 2007	H2 2008	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	29.0	(18.9)	(17.2)	(28.8)	(7.9)	(1.9)	(47.9)
Homes	16.5	18.8	3.7	1.2	–	(2.6)	2.3
Pharma	4.9	1.9	5.2	(4.5)	(2.3)	(3.8)	(3.1)
Fibers	3.7	(2.5)	(2.9)	(1.9)	(1.6)	(1.5)	(6.3)
Electronics Materials & Devices	10.8	(4.9)	(5.8)	(5.7)	(2.0)	(4.2)	(15.7)
Construction Materials	0.7	0.8	0.4	1.0	–	(1.2)	0.2
Services, Engineering and Others	2.4	2.6	0.1	0.0	0.0	0.1	0.1
Corporate expenses and eliminations	(4.1)	(3.0)	–	–	–	1.2	1.2
<b>Total</b>	<b>64.0</b>	<b>(5.2)</b>	<b>(16.5)</b>	<b>(38.7)</b>	<b>(13.8)</b>	<b>(13.9)</b>	<b>(69.1)</b>

# Balance sheets

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(¥ billion)

	At end of Mar. 2008	At end of Mar. 2009	Increase (decrease)		At end of Mar. 2008	At end of Mar. 2009	Increase (decrease)
Current assets	740.1	682.2	(57.9)	Liabilities	751.2	768.0	16.8
Cash on hand and in banks	82.9	98.0	15.1	Current liabilities	513.4	487.9	(25.5)
Notes and accounts receivable, trade	298.8	208.9	(89.9)	Long-term liabilities	237.8	280.1	42.3
Inventories	272.4	273.5	1.2	Net assets	674.2	611.4	(62.8)
Other current assets	86.0	101.8	15.8	Shareholders' equity	613.0	599.1	(13.9)
Fixed assets	685.3	697.1	11.8	Common stock	103.4	103.4	–
Property, plant and equipment	424.2	441.3	17.1	Capital surplus	79.4	79.4	(0.0)
Intangible fixed assets	26.2	37.4	11.2	Retained earnings	432.2	418.3	(14.0)
Investments and other assets	234.9	218.5	(16.4)	Treasury stock, at cost	(2.0)	(1.9)	0.1
				Valuation, translation adjustments and others	53.2	4.7	(48.5)
				Minority interest in consolidated subsidiaries	7.9	7.5	(0.4)
Total assets	1,425.4	1,379.3	(46.0)	Total liabilities and net assets	1,425.4	1,379.3	(46.0)

# Cash flows and primary investments

## Cash flows

(¥ billion)

	FY 2007	FY 2008
a. Cash flows from operating activities	72.9	68.8
b. Cash flows from investing activities	(69.1)	(135.7)
c. Free cash flows [a+b]	3.8	(66.9)
d. Cash flows from financing activities	(22.3)	87.3
e. Effect of exchange rate changes on cash and cash equivalents	(0.2)	(5.4)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(18.7)	15.1
g. Cash and cash equivalents at beginning of year	101.7	83.0
h. Cash and cash equivalents held by newly consolidated subsidiaries	0.1	–
I. Cash and cash equivalents at end of year [f+g+h]	83.0	98.1

## Primary investments

(¥ billion)

	FY 2007	FY 2008
Capital expenditures, fixed assets	75.7	104.3
Capital expenditures, intangible fixed assets	7.2	22.4
Total	82.9	126.7
Depreciation and amortization	74.0	79.4
R&D expenditures	56.2	60.8

# Forecast for Fiscal Year 2009

# Consolidated operating performance

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(¥ billion)

	FY 2007	FY 2008			FY 2009 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,696.8	843.2	709.9	1,553.1	619.0	736.0	1,355.0	(198.1)
Operating profit	127.7	40.1	(5.2)	35.0	5.0	36.0	41.0	6.0
Ordinary profit	120.5	40.7	(8.2)	32.5	4.0	35.0	39.0	6.5
Net income	69.9	23.4	(18.7)	4.7	0.0	15.0	15.0	10.3

Naphtha price (¥/kL, domestic)	61,450	78,350	39,500	58,925	30,000	30,000	30,000	(28,925)
¥/US\$ exchange rate (market average)	114	106	95	101	95	95	95	(6)

	FY 2007	FY 2008	FY 2009
Dividends per share	¥13	¥10	¥10 (planned)
Payout ratio	26.0%	295.0%	93.2%

# Sales forecast by segment

(¥ billion)

	FY 2008			FY 2009 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	422.1	267.2	689.3	238.0	253.0	491.0	(198.3)
Homes	170.3	239.6	409.9	162.0	236.0	398.0	(11.9)
Pharma	62.8	56.8	119.6	57.0	64.0	121.0	1.4
Fibers*	64.1	52.3	116.4	56.0	58.0	114.0	(2.4)
Electronics Materials & Devices*	78.7	51.0	129.7	63.0	82.0	145.0	15.3
Construction Materials	31.3	29.6	60.9	30.0	30.0	60.0	(0.9)
Services, Engineering and Others	13.9	13.4	27.3	13.0	13.0	26.0	(1.3)
<b>Consolidated</b>	<b>843.2</b>	<b>709.9</b>	<b>1,553.1</b>	<b>619.0</b>	<b>736.0</b>	<b>1,355.0</b>	<b>(198.1)</b>

\* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins and other related operations from Chemicals to Electronics Materials & Devices.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

# Operating profit forecast by segment

(¥ billion)

	FY 2008			FY 2009 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals*	13.1	(19.6)	(6.5)	6.0	9.0	15.0	21.5
Homes	3.0	18.8	21.9	1.0	17.0	18.0	(3.9)
Pharma	10.2	1.9	12.0	3.0	6.0	9.0	(3.0)
Fibers*	1.3	(2.8)	(1.5)	(2.5)	0.5	(2.0)	(0.5)
Electronics Materials & Devices*	12.6	(5.4)	7.3	1.0	7.0	8.0	0.7
Construction Materials	0.8	0.8	1.7	0.5	1.0	1.5	(0.2)
Services, Engineering and Others	3.1	2.6	5.6	0.5	0.5	1.0	(4.6)
Corporate Expenses and Eliminations*	(4.0)	(1.6)	(5.5)	(4.5)	(5.0)	(9.5)	(4.0)
Consolidated	40.1	(5.2)	35.0	5.0	36.0	41.0	6.0

\* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

- Transfer of R&D for electronics materials, such as Marketing Center for FPC/FPD Materials, from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins and other related operations from Chemicals to Electronics Materials & Devices.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

# Forecast by segment

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(¥ billion)

Segment		FY 08	FY 09 forecast	Outlook
Chemicals	Sales	689.3	491.0	Sluggish demand and high yen exchange value continuing from H2 08. Volume products (chemicals and derivative products and polymer products): Decreased costs for fuel and feedstock such as naphtha. Some recovery of sales volume from the low-point in demand in H2 08. Decrease of loss on devaluation of inventory. Specialty products: Decreased costs for fuel and feedstock. Recovery of sales volume. Chemicals total: Sales decrease, operating profit increase.
	Operating profit	(6.5)	15.0	
Homes	Sales	409.9	398.0	Increased deliveries of large condominiums. Expansion of housing-related operations. Decreased deliveries of unit homes due to decreased orders in H2 08. Sales and operating profit decrease.
	Operating profit	21.9	18.0	
Pharma	Sales	119.6	121.0	Pharmaceuticals: Increased sales volume of the Flivas™ therapy for treatment of benign prostatic hyperplasia. Decreased licensing income. Increased R&D expenses with advancement of new drug development. Devices: Increased shipments of APS™ and Planova™. Increased depreciation and R&D expenses. High yen exchange value. Sales increase, operating profit decrease.
	Operating profit	12.0	9.0	
Fibers	Sales	116.4	114.0	Decreased costs for fuel and materials. Increased shipments for Lamous™ artificial suede for automotive interiors. Delay in recovery of sales shipments for Leona™ nylon 66 filament and others. Sales decrease and fall in profitability.
	Operating profit	(1.5)	(2.0)	
Electronics Materials & Devices	Sales	129.7	145.0	Electronics Materials: Increased shipments with improved market conditions in H2 09. Decreased sales prices. Increased depreciation due to plant expansions for Hipore™ and pellicles. Electronics Devices: Acquisition of semiconductor business from Toko Inc. contributing to sales increase. Operating cost reductions. Electronics total: Sales increase and slight operating profit increase.
	Operating profit	7.3	8.0	
Construction Materials	Sales	60.9	60.0	Decreased shipments due to depressed construction demand. Product prices maintained. Operating costs reduced, including through optimization of production configuration. Sales and operating profit largely unchanged.
	Operating profit	1.7	1.5	

\* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;

- Transfer of R&D for electronics materials, such as Marketing Center for FPC/FPD Materials, from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins and other related operations from Chemicals to Electronics Materials & Devices.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

# Targets of urgent actions

Execution of the following actions for accomplishment of financial targets in FY 2009

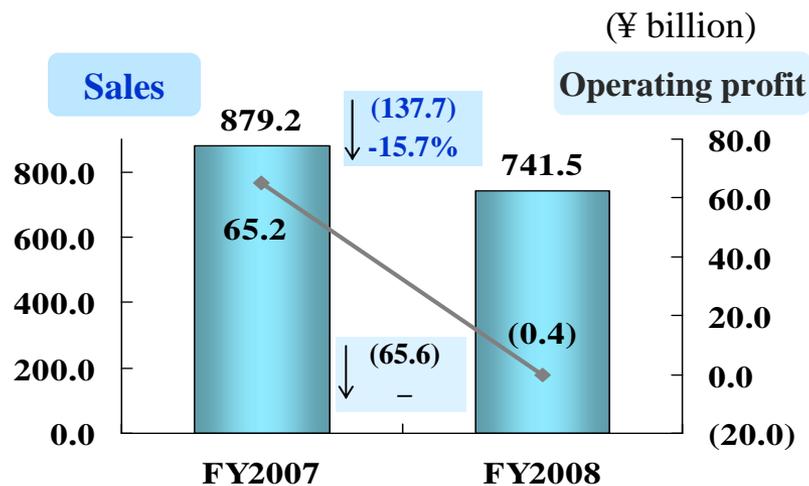
- ✓ Review of general-use/commodity businesses
  - Acceleration of business portfolio realignment, including restructuring of underperforming businesses.
  - Actions decision adopted.
    1. Closure of polyester filament plant.
    2. Withdrawal from the field of monofilament.
    3. Withdrawal from coenzyme Q10 business.
    4. Closure of autoclaved aerated concrete plant at Shiraoi.
- ✓ Cutting fixed costs by ¥13.5 billion, including ¥3.6 billion increase of depreciation
- ✓ Reduction of capital expenditure
  - ¥126.7 billion for FY 2008 → ¥90 billion for FY 2009 planned
  - Postponing investments for capacity expansion in general-use/commodity businesses. Prudent investments in high-growth businesses in consideration of market conditions.

## ✓ Holding down inventories

End of Dec. 08	End of Mar. 09	Target at end of Sep. 09	Target at end of Mar. 10
¥324.9 billion	¥273.5 billion	¥250 billion	¥240 billion

- ✓ 10% to 20% curtailment of remuneration of corporate officers

# Appendix



## Review of operations

Sales and operating profit decrease in both volume products and specialty products.

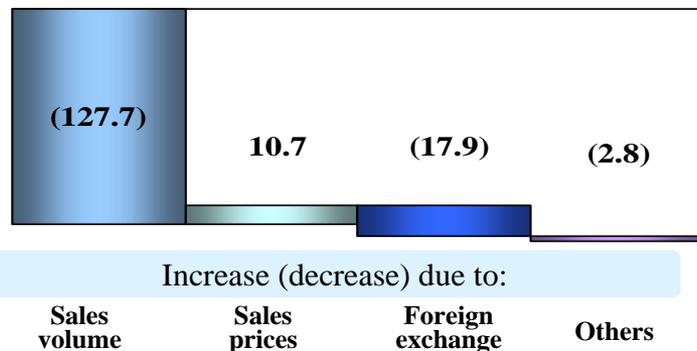
### Volume products:

Sharp impact of high feedstock prices in both chemicals and derivative products and polymer products for H1 08. Steep decline in shipment volume with deteriorating market conditions both in Japan and worldwide, sharp impact of the appreciation of the yen and impact of devaluation of inventories in H2 08. Sales decrease and fall in profitability.

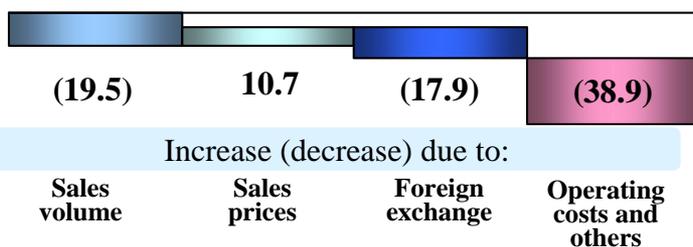
### Specialty products:

Despite good performance during H1 08, decreased shipments of Hipore™ Li-ion rechargeable battery separators and ion-exchange membranes. Sales and operating profit decrease.

### Sales increases/decreases



### Operating profit increases/decreases



Results of specialty products

(¥ billion)

	FY 2007		FY 2008	
	Sales	Operating profit	Sales	Operating profit
Chemicals total	879.2	65.2	741.5	-0.4
Of which, specialty products*	197.3	27.9	188.6	18.8

\* Unaudited, simplified calculation.

## Highlights

- Jun., start of utilization of wood biomass fuel for power generation.
- Nov., announcement of plant expansion for Hipore™ Li-ion battery separator.
- Mar., launch of wastewater recycling business; first order received for wastewater recycling service in Suzhou, China.
- Mar., basic agreement for consolidation of fertilizer affiliates with Mitsubishi Chemical Corp. and Chisso Corp.



Results by product category\*

(¥ billion)

	FY 2007		FY 2008		Increase (decrease)	
	Sales	Operating profit	Sales	Operating profit	Sales	Operating profit
Order-built homes	297.1		307.3		10.2	
Pre-built homes	24.5		29.9		5.4	
Others†	1.0		1.5		0.6	
Total homes	322.5	16.0	338.7	15.4	16.2	(0.6)
Housing-related	63.7	5.4	71.2	6.5	7.5	1.1
Total	386.2	21.4	409.9	21.9	23.7	0.5

\* Product category division unaudited, simplified calculation.

† Including commissions on property insurance.

## Review of operations

Operating profit decrease in order-built and pre-built homes. Good performance of remodeling operations. Sales and operating profit increase.

Order-built and pre-built homes:

- Recovery in the number of deliveries of Hebel Haus™ unit homes from a decline which resulted from falsification of building material performance as came to light in Oct. 2007. Good performance in pre-built homes with deliveries of large condominium units. Impact of high costs for materials and devaluation of real estate held as inventory for sale. Sales and operating profit decrease.
- Value of home orders affected by severe deterioration of housing market due to financial crisis in H2 08, though good performance in H1 08. Orders 4.9% lower than a year ago.

Housing-related operations:

Lackluster performance in real estate operations. Good performance in remodeling and financing operations. Sales and operating profit increase.

## Highlights

- Aug., launch of Safole™ as product brand for Hebel Maison™ apartments featuring heightened security for single urban working women.
- Sep., market launch of Fine Hebel Haus™ long life home with high-endurance thermal insulation/airtight structure.
- Jan., promotion campaign for Hebel Haus™ homes featuring electric power generation with leading-edge environmental performance.

## 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%)	
FY 05	H1	150.4 (-1.7%)	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	24.2 (+13.6%)	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 (+15.7%)	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 (+15.3%)	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	H1	157.1 (+2.3%)	129.4 (-1.4%)	6.0 (+19.7%)	0.7	136.0 (-0.4%)	34.3 (+13.2%)	170.3 (+2.0%)	326.6
	H2	133.9 (-12.1%)	177.9 (+7.2%)	24.0 (+22.8%)	0.9	202.7 (+9.0%)	36.9 (+10.8%)	239.6 (+9.3%)	282.6
	annual	291.1 (-4.9%)	307.3 (+3.4%)	29.9 (+22.2%)	1.5	338.7 (+5.0%)	71.2 (+11.8%)	409.9 (+6.1%)	
FY 09 forecast		309.0 (+6.2%)	286.0 (-6.9%)	35.5 (+18.6%)	1.5	323.0 (-4.6%)	75.0 (+5.3%)	398.0 (-2.9%)	305.6

\* Including commissions on property insurance.

## Breakdown of FY 2008 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	196.1	+2.2%	6,990	+1.8%	188.1	-3.3%	6,321	-8.2%
	3+ story	72.7	+4.2%	2,424	-2.9%	63.6	-12.2%	2,361	-9.6%
	Total	268.9	+2.7%	9,414	+0.5%	251.7	-5.7%	8,682	-8.6%
Multi-dwelling homes	1-2 story	14.5	+8.2%	1,450	+6.1%	14.0	+3.4%	1,272	-2.7%
	3+ story	23.9	+9.0%	2,402	+7.9%	25.4	-0.6%	2,504	+1.2%
	Total	38.4	+8.7%	3,852	+7.2%	39.4	+0.8%	3,776	-0.2%
Order-built homes total		307.3	+3.4%	13,266	+2.4%	291.1	-4.9%	12,458	-6.2%
Pre-built homes (including condominiums)		29.9	+22.2%	751	+19.0%	–	–	–	–
Other sales*		1.5	+59.6%	–	–	–	–	–	–
Total		338.7	+5.0%	14,017	+3.1%	291.1	-4.9%	12,458	-6.2%
Consolidated subsidiaries		71.2	+11.8%	–	–	–	–	–	–
Consolidated		409.9	+6.1%	14,017	+3.1%	291.1	-4.9%	12,458	-6.2%

\* Including commissions on property insurance.

## Breakdown of sales and orders forecast for FY 2009

(% 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	181.1	-7.7%	6,230	-10.9%	199.5	+6.0%	6,500	+2.8%
	3+ story	67.4	-7.3%	2,130	-12.1%	67.0	+5.3%	2,350	-0.5%
	<b>Total</b>	<b>248.5</b>	<b>-7.6%</b>	<b>8,360</b>	<b>-11.2%</b>	<b>266.5</b>	<b>+5.9%</b>	<b>8,850</b>	<b>+1.9%</b>
Multi-dwelling homes	1-2 story	14.3	-1.6%	1,350	-6.9%	15.5	+11.0%	1,375	+8.1%
	3+ story	23.2	-2.8%	2,250	-6.3%	27.0	+6.3%	2,675	+6.8%
	<b>Total</b>	<b>37.5</b>	<b>-2.4%</b>	<b>3,600</b>	<b>-6.5%</b>	<b>42.5</b>	<b>+8.0%</b>	<b>4,050</b>	<b>+7.3%</b>
Order-built homes total		286.0	-6.9%	11,960	-9.8%	309.0	+6.2%	12,900	+3.5%
Pre-built homes (including condominiums)		35.5	+18.6%	880	+17.2%	–	–	–	–
Other sales*		1.5	-2.3%	–	–	–	–	–	–
<b>Total</b>		<b>323.0</b>	<b>-2.9%</b>	<b>12,840</b>	<b>-8.4%</b>	<b>309.0</b>	<b>+6.2%</b>	<b>12,900</b>	<b>+3.5%</b>
Consolidated subsidiaries		75.0	+5.3%	–	–	–	–	–	–
<b>Consolidated</b>		<b>398.0</b>	<b>-4.6%</b>	<b>12,840</b>	<b>-8.4%</b>	<b>309.0</b>	<b>+6.2%</b>	<b>12,900</b>	<b>+3.5%</b>

\* Including commissions on property insurance.

## Performance of main subsidiaries

(¥ billion)

	FY 2007		FY 2008	
	Sales	Operating profit	Sales	Operating profit
Asahi Kasei Reform	28.4	2.7	32.7	3.6
Asahi Kasei Real Estate	33.0	1.7	35.8	1.5

**Asahi Kasei Reform****FY 2008**

Steady growth in maintenance work such as roofing and repainting as a result of concerted marketing with a large expansion of sales force. Increased rate of profitability through enhanced cost controls. Sales and operating profit increase.

**FY 2009 forecast**

Continued growth in maintenance work such as roofing and repainting, and increased orders for replacement of fixtures. Higher fixed costs due to sales force expansion. Sales increase, but slight operating profit decrease.

**Asahi Kasei Real Estate****FY 2008**

Solid performance in rental operations. Lower fee income from land brokerage operations. Loss on sale and devaluation of company-owned real estate. Sales increase, but operating profit decrease.

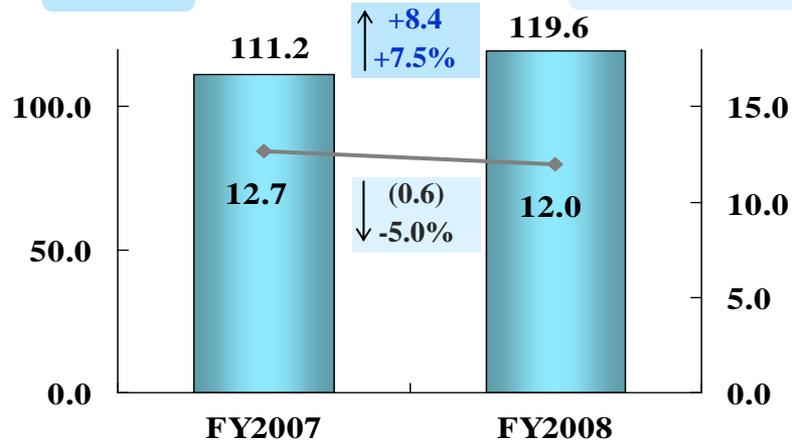
**FY 2009 forecast**

Reduced effect of loss on sale and devaluation. Increase in number of rental units under rent guarantee. Sales and operating profit increase.

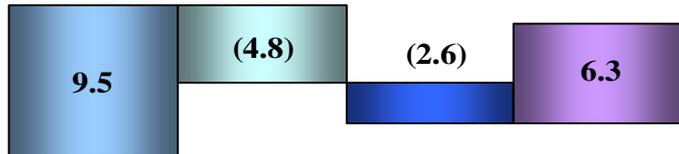
(¥ billion)

## Sales

## Operating profit



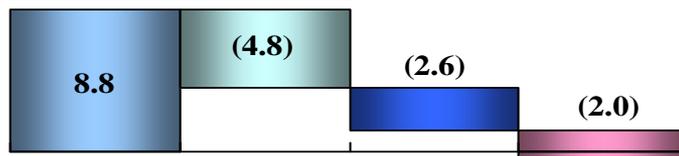
### Sales increases/decreases



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

### Pharmaceuticals:

Decreased reimbursement prices. Increased R&D expenses. Licensing income for Famvir™ anti-herpes agent. Market launch of Recomodulin™ recombinant thrombomodulin. Increased shipments of Flivas™ an agent for treatment of benign prostatic hyperplasia. Sales and operating profit increase.

### Devices:

Increased shipments of APS™ polysulfone-membrane artificial kidneys and Planova™ virus removal filters, particularly exports, but increased depreciation with plant expansion, and higher yen exchange value. Sales increase, but operating profit decrease.

## Highlights

- Apr., approval acquired for Famvir™ antiviral for herpes zoster and marketing alliance with Maruho Co., Ltd.; June, NHI price listing; July, market launch.
- Apr., NHI price listing for Recomodulin™; May, market launch.
- May, completion of spinning plant for EVOH hollow-fiber membrane; Jun., start of production.
- Jun., decision to expand capacity for APS™ polysulfone hollow-fiber dialyzer membrane.
- Nov., completion of new dry-pack APS™ polysulfone-membrane artificial kidney plant with integrated spinning and assembly lines
- Nov., announcement of acquisition of intellectual property rights related to naftopidil, an agent for treatment of benign prostatic hyperplasia marketed as Flivas™, from Roche Diagnostics GmbH.
- Nov., market launch of 12.5 mg and 25 mg tablets of Toledomin™ antidepressant.
- Jan., decision to construct new assembly plant for Planova™ virus removal filters in Oita; groundbreaking in Apr. 09, start-up in Mar. 2010.
- Feb., acquisition of TechniKrom, Inc., a leading supplier of bioprocess equipment.
- Mar., Japanese Red Cross Society selects Lucica™ GA-L liquid reagent kit for measurement of glycated albumin as marker for glycemic control in diabetes.

## Sales of Asahi Kasei Pharma Corporation

(¥ billion)

		FY 2007			FY 2008		
		H1	H2	Total	H1	H2	Total
	Pharmaceuticals	24.1	24.3	48.4	30.4	25.9	56.3
	Others	2.9	2.6	5.5	2.4	2.2	4.7
Non-consolidated		27.0	26.9	53.9	32.8	28.2	61.0
Devices*		24.7	26.4	51.1	27.0	26.0	53.0
Others		3.1	3.1	6.2	3.0	2.6	5.6
Consolidated		54.8	56.4	111.2	62.8	56.8	119.6

\* Asahi Kasei Kuraray Medical and Asahi Kasei Medical.

## Main pharmaceuticals domestic sales

(¥ billion)

	FY 2007			FY 2008		
	H1	H2	Total	H1	H2	Total
Elcitonin™	7.1	6.8	13.9	6.8	6.4	13.2
Bredinin™	3.1	3.0	6.2	3.1	3.1	6.2
Flivas™	4.7	4.7	9.4	4.5	5.3	9.8
Toledomin™	3.1	3.2	6.3	2.9	2.1	5.0
Exacin™	0.5	0.5	1.0	0.4	0.4	0.8
Zesulan™	0.5	0.7	1.2	0.5	0.7	1.2
Eril™	0.7	0.7	1.5	0.7	0.7	1.4

## Overview of main products

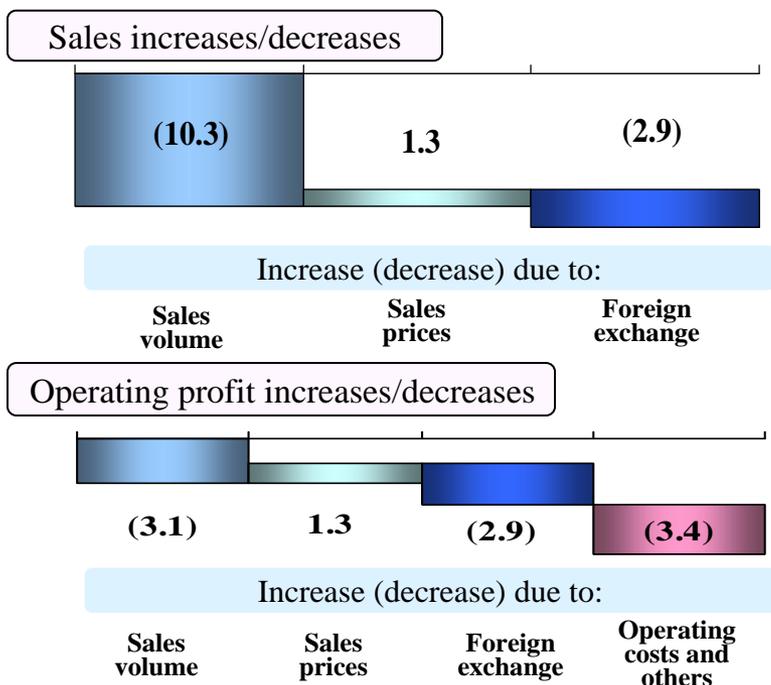
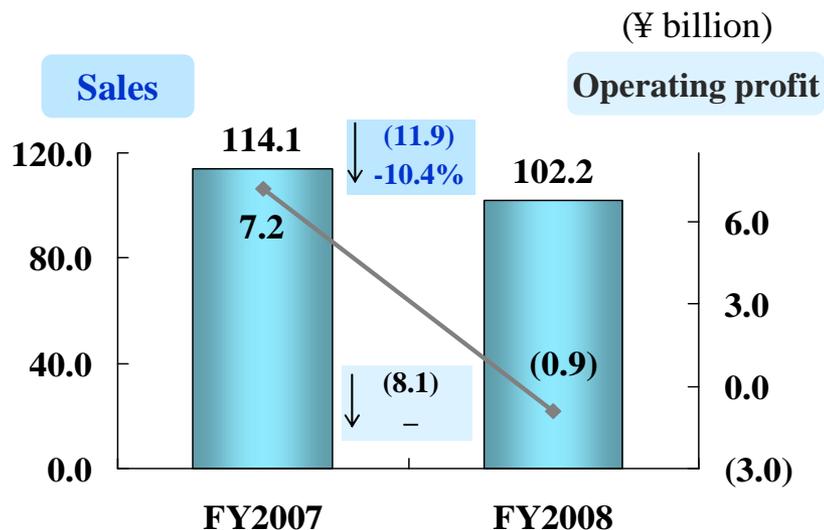
	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection	–
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet	–
Flivas™	Naftopidil	Selective $\alpha$ -1 blocker	Benign prostatic hypertrophy	Tablet	–
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	–

## Overview of products launching in FY 08

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Recomodulin™, market launch in May 2008	Recombinant thrombomodulin alpha	Blood coagulation	Disseminated intravascular coagulation	Injection	—
Famvir™, market launch in July 2008	Famciclovir	Antiviral	Shingles (zoster)	Tablet	Novartis Pharma AG

## Product pipeline

Development stage	Product	Objective	Class	Indication
Phase III	AT-877 (Injection)	Additional indication	Rho-kinase inhibitor	Acute cerebral thrombosis
	PTH (Injection)	New biologic	Synthetic human parathyroid hormone	Osteoporosis
Preparing for Phase III	AK-120 (Oral)	Additional indication	Famciclovir antiviral	Herpes simplex
Phase II	AT-877 (Oral)	New dosage form	Rho-kinase inhibitor	Pulmonary hypertension
Preparing for Phase II	AK-150 (Injection)	New chemical entity	Pentosan polysulfate	Osteoarthritis



## Review of operations

Elastic polyurethane filament:

Lower product price and decreased shipments due to deteriorating overseas market conditions. Effect of the appreciating yen. Sales and operating profit decrease.

Bemberg™ regenerated cellulose:

Firm shipments to overseas markets. High feedstock and fuel costs. Effect of the appreciating yen. Sales and operating profit decrease.

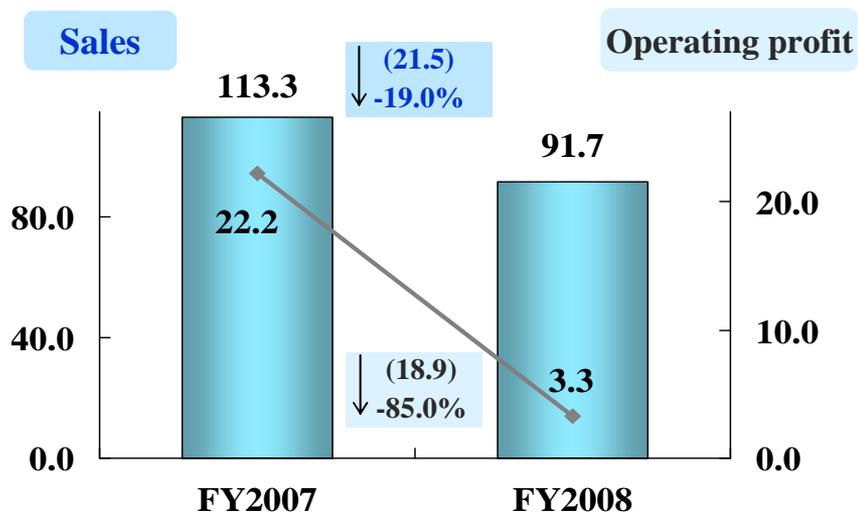
Nonwovens:

High feedstock and fuel costs. Decreased shipment volume as an effect of deteriorating market conditions. Sales decrease and fall in profitability.

## Highlights

- Sep., completion of new R&D and technology center.
- Nov., award ceremony for the *Asahi Kasei Award for Fashion Design Creativity in China* together with a fashion show.
- Mar., decision of structural transformation of polyester and monofilament businesses; closure of polyester filament plant and withdrawal from the field of monofilament in Sep. 09.

(¥ billion)

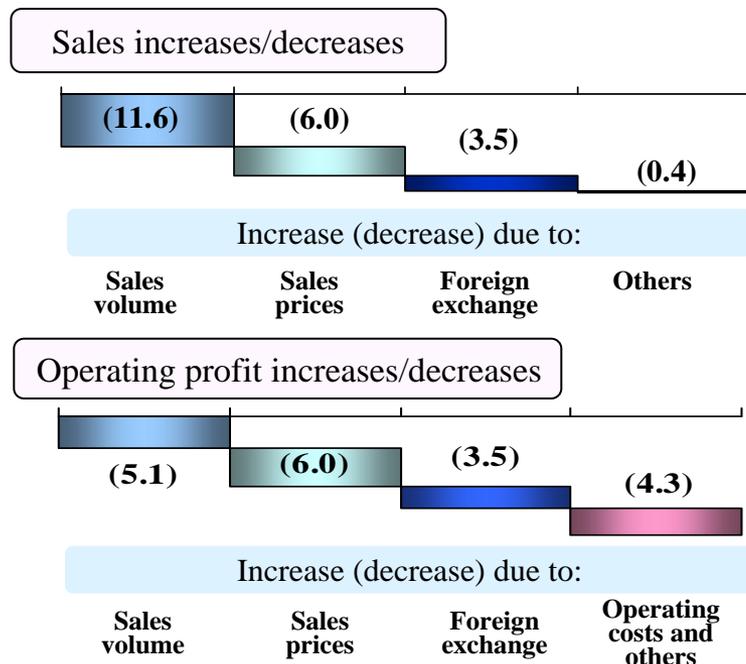


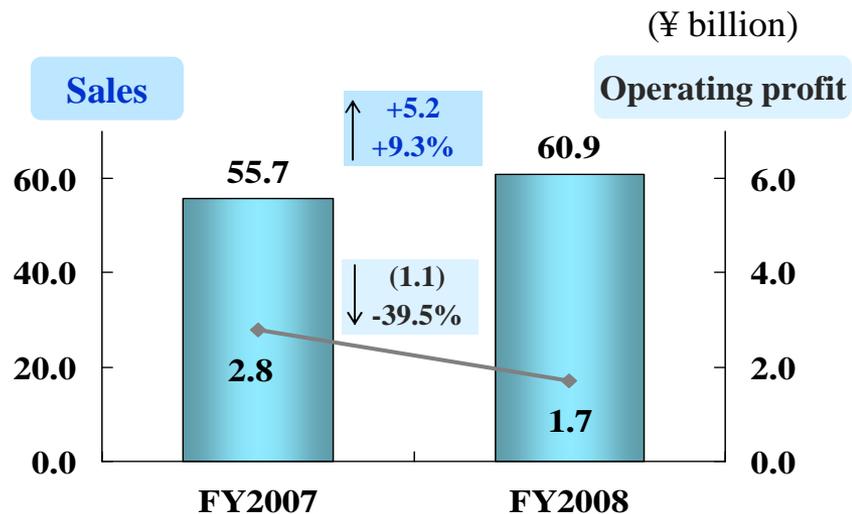
## Review of operations

Decreased shipments for both electronic materials and electronic devices due to a broad and rapid deterioration of market conditions occurring throughout all product sectors including cell phones, notebook PCs, and other IT and home electronics products. Sharp impact of the appreciating yen. Sales and operating profit decrease.

## Highlights

- Jun., completion of plant expansion for Sunfort™ dry film photoresist in China and start of production.
- Jan., conclusion of basic agreement for acquisition of semiconductor business from Toko Inc.; integration of business in Apr. 09.





Sales increases/decreases



Increase (decrease) due to:

Operating profit increases/decreases



Increase (decrease) due to:

## Review of operations

Building materials and housing materials:

Good performance of BasePack™ earthquake-resistant column base attachment system. Shipments of Hebel™ autoclaved aerated concrete (AAC) panels maintained. Increased costs for fuel and materials. Sales increase, but operating profit decrease.

Foundation systems:

Increased shipments of Eazet™ and ATT Column™ piling systems for small-scale construction, and of the DynaWing™ pre-cast concrete piling system featuring minimal soil disposal and high load-bearing capacity. Sales and operating profit increase.

Insulation materials:

Increased costs for fuel and materials. Improved product price. Improved profitability.

## Highlights

- Oct., market launch of CSV™ soil improvement system for small-scale architecture.
- Jan., expansion of product lineup of FreeDonut™ system for reinforcement of openings to pass plumbing/wiring through I-beams.

# Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2008	FY 2008*	FY 2009 forecast	FY 2008	FY 2008*	FY 2009 forecast	FY 2008	FY 2008*	FY 2009 forecast
Chemicals	45.7	36.3	30.0	36.7	32.2		19.2	14.6	
Homes	7.0	7.0	5.0	3.4	3.4		2.5	2.5	
Pharma	31.6	31.6	13.0	10.3	10.3		16.4	16.4	
Fibers	12.3	12.4	6.5	6.4	7.2		3.8	3.9	
Electronics Materials & Devices	21.6	31.8	23.0	15.4	19.8		11.2	18.4	
Construction Materials	2.4	2.4	2.5	3.6	3.6		1.0	1.0	
Services, Engineering and Others	1.1	1.1	1.0	0.8	0.8		0.1	0.1	
Corporate expenses, assets, and eliminations	5.1	4.1	9.0	2.8	2.1		6.6	3.9	
<b>Total</b>	<b>126.7</b>	<b>126.7</b>	<b>90.0</b>	<b>79.4</b>	<b>79.4</b>	<b>83.0</b>	<b>60.8</b>	<b>60.8</b>	<b>64.0</b>

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

17.5    17.5    13.0

\* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;  
 - Transfer of R&D for electronics materials, such as Marketing Center for FPC/FPD Materials, from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins and other related operations from Chemicals to Electronics Materials & Devices.  
 - Transfer of Leona™ filament operations from Chemicals to Fibers.

## Completed in FY 2008

- Sunfort™ dry film photoresist for printed wiring boards – 100 million m<sup>2</sup>/y capacity increase in China, June.
- Roica™ spandex – capacity expansion in Thailand, Aug.
- Fibers – new R&D and technology center in Moriyama, Sep.
- 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, Oct.\*
- Pellicles – new production line for tenth generation LCD panels in Nobeoka, Nov.
- Naftopidil, marketed as Flivas™, an agent for treatment of benign prostatic hyperplasia – acquisition of intellectual property rights, Dec.\*
- Planova™ virus removal filters – 40,000 m<sup>2</sup>/y capacity expansion at hollow-fiber spinning plant in Nobeoka, Mar. 09.\*
- LSIs – plant expansions in Nobeoka.

## Under construction at FY 2008 year-end

- Sepacell™ leukocyte reduction filters – 4 million module/y capacity increase in Oita, May 09.
- Roica™ spandex – capacity expansion in Thailand, July 09.\*
- New boiler using SDA pitch in Mizushima, NEDO-supported energy conservation project, Aug. 09.\*
- New integrated research complex in Fuji, Aug. 09.\*
- Ion-exchange membranes – 110 thousand m<sup>2</sup>/y capacity increase in Kawasaki, H1 FY 09.
- LSIs – plant expansions in Nobeoka.\*
- Hipore™ Li-ion rechargeable battery separator – 30 million m<sup>2</sup>/y capacity increase in Moriyama, FY 09, and 15 million m<sup>2</sup>/y capacity increase in Moriyama and new 40 million m<sup>2</sup>/y (2 lines of 20 million m<sup>2</sup>/y each) plant in Hyuga, FY 10.\*

\* Investment of ¥3 billion or more.

## – 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.