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Consolidated Results for Fiscal Year 2008: April 1, 2008 – March 31, 2009

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

1. Operating results (percent change from previous year in brackets)

	FY 2008	FY 2007
Net sales	1,553,108 [−8.5%]	1,696,789 [+4.5%]
Operating profit	34,959 [−72.6%]	127,656 [−0.1%]
Ordinary profit	32,500 [−73.0%]	120,456 [−4.8%]
Net income	4,745 [−93.2%]	69,945 [+2.0%]
Net income per share*	3.39	50.01
Diluted net income per share*	—	—
Net income/shareholders' equity	0.7%	10.7%
Ordinary profit/total assets	2.3%	8.3%
Operating profit/net sales	2.3%	7.5%

* Yen

Note:
Equity in profit of unconsolidated subsidiaries and affiliates: ¥831 million; during previous fiscal year, ¥3,757 million.

2. Financial position

At fiscal year end, March	2009	2008
Total assets	1,379,337	1,425,367
Net assets	611,351	674,156
Net worth/total assets	43.8%	46.7%
Net worth per share*	431.77	476.39

* Yen

Note:
・Net worth consists of shareholders' equity and valuation, translation adjustments and others.
・Net worth as of March 31, 2009, was ¥603,846 million; as of March 31, 2008, ¥666,244 million.

3. Cash flows

	FY 2008	FY 2007
Cash flows from operating activities	68,812	72,947
Cash flows from investing activities	(135,707)	(69,135)
Cash flows from financing activities	87,314	(22,330)
Cash and cash equivalents at end of period	98,092	83,033

II. Cash Dividends

Fiscal year	Cash dividends per share*					Total annual dividend amount	Dividends/ consolidated net income	Dividends/ consolidated net worth
	Q1	Q2	Q3	Q4	Total annual			
2007	—	6.00	—	7.00	13.00	18,184	26.0%	2.8%
2008	—	7.00	—	3.00	10.00	13,986	295.0%	2.2%
2009 (forecast)	—	5.00	—	5.00	10.00		93.2%	

* Yen

III. Forecast for Fiscal 2009 (April 1, 2009 – March 31, 2010)

(percent change from same period of previous year in brackets)

	For Q1–Q2	For the fiscal year
Net sales	619,000 [−26.6%]	1,355,000 [−12.8%]
Operating profit	5,000 [−87.5%]	41,000 [+17.3%]
Ordinary profit	4,000 [−90.2%]	39,000 [+20.0%]
Net income	0 [−100.0%]	15,000 [+216.1%]
Net income per share*	0.00	10.73

*Yen

Note:
Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the fiscal year: None

2. Significant changes in the basis for preparation of consolidated financial statements: Yes.

   1) Application of Accounting Standard for Measurement of Inventories.

      Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9) is applied beginning with the fiscal year ended March 31, 2009. Previously, inventories were stated at the lower of cost or market value (residential lots and dwellings of sale were stated at specifically identified costs). Now, inventories held for sale in the ordinary course of business are stated at the lower of cost or net sales value. The effect is that operating profit is lower by ¥12,923 million and ordinary profit and income before income taxes and minority interests are lower by ¥2,536 million than they would have been using the previous method.

      Further, loss on devaluation of inventories using the previous method were recorded under non-operating expenses, whereas loss on devaluation of inventories are now recorded under cost of sales. The effect is that operating profit is lower by ¥10,386 than it would have been using the previous method.

      In addition, whereas loss on disposal of inventories was previously classified under non-operating expenses, it is now classified under cost of sales with the application of this accounting standard. The effect is that operating profit is lower by ¥3,933 than it would have been using the previous method.

      The effect by industry segment is shown in VIII. Segment Information.

2) Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements.

Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18) is applied beginning with the fiscal year ended March 31, 2009, and necessary modifications have been made for consolidation. The impact of this change is immaterial.

3) Application of Accounting Standard for Lease Transactions and related guidance.

Financial lease transactions without title transfer were formerly accounted for as operating leases. Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and Guidance on Accounting Standard for Lease Transaction (ASBJ Guidance No. 16) are applied beginning with the fiscal year ended March 31, 2009. The accounting standard requires that all financial leases be capitalized. Leased assets related to financial lease transactions without title transfer are depreciated on a straight-line basis, with their useful lives as the lease periods and no residual value. For financial lease transactions without title transfer whose transaction date precedes the application of the new standard and guidance, the previous method of accounting for lease transactions continues to be applied. The impact of this change is immaterial.

4) Change of standard for conversion of sales and costs at foreign subsidiaries, etc.

Beginning with the fiscal year ended March 31, 2009, the standard for conversion of sales and costs at foreign subsidiaries, etc. to yen was changed from conversion at the spot foreign exchange value at the date of closing to conversion at the average market value during the fiscal period. This change was applied so that operating performance shown in yen more closely matches actual operating performance. The effect is that net sales are higher by ¥21,505 million, operating profit is higher by ¥1,235 million, ordinary profit is higher by ¥1,559 million, income before income taxes and minority interests is higher by ¥1,330 million, and net income is higher by ¥921 million than they would have been using the previous method.

The effect by industry segment is shown in VIII. Segment Information.

5) Change of evaluation standard and method of evaluation for other securities whose fair values are readily determinable.

Beginning with the fiscal year ended March 31, 2009, the evaluation standard and method of evaluation for other securities whose fair values are readily determinable was changed from a method based on the average market value during the month preceding the date of closing to the conventional method based on the market value as of the date of closing. This change was applied so that the financial condition be shown more accurately. As a result, investment securities are higher by ¥1,758 million, deferred income tax liabilities are higher by ¥714 million, net unrealized gain on securities is higher by ¥1,040 million, and income before income taxes and minority interests is higher by ¥4 million than they would have been using the previous standard and method.

6) Consolidated statements of income

Beginning with the fiscal year ended March 31, 2009, insurance recoveries are shown in a separate entry under non-operating income when they exceed one tenth of total non-operating income. Insurance recoveries in the year ended March 31, 2008, were ¥941 million, included in “other” under non-operating income.

3. Additional information

With regard to the cost of remediation work to restore deficient eave assembly specifications for certain order-built homes delivered by consolidated subsidiary Asahi Kasei Homes Corp. other than that attributable to the company, a memorandum has been concluded with the supplier of soffit panels, and expenses forecast to be incurred are seen to be recoverable.

Expenses forecast for remediation work including that attributable to the company are included in allowance for after-care of products in the consolidated balance sheets, and the amount to be recovered from the supplier is included in other under current assets and in other under investments and other assets in the consolidated balance sheets.

4. Number of shares outstanding

Fiscal year ended March	2009	2008
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of treasury stocks at end of period	4,070,731	4,080,805

V. Summary of Non-Consolidated Results

1. Results for fiscal 2008 (April 1, 2008 – March 31, 2009)

(1) Operating results (percent change from previous year in brackets)

	FY 2008	FY 2007
Net sales	31,470 [−37.0%]	49,923 [+16.8%]
Operating profit	16,745 [−50.5%]	33,801 [+19.8%]
Ordinary profit	18,213 [−47.5%]	34,696 [+19.4%]
Net income	17,237 [−54.8%]	38,105 [+32.0%]
Net income per share*	12.32	27.24
Diluted net income per share*	—	—

* Yen

(2) Financial position

At fiscal year end, March	2009	2008
Total assets	775,811	699,054
Net assets	385,197	410,448
Net worth/total assets	49.6%	58.7%
Net worth per share*	275.43	293.44

* Yen

2. Forecast for fiscal 2009 (April 1, 2009 – March 31, 2010)

(percent change from same period of previous year in brackets)

	For Q1–Q2	For the fiscal year
Net sales	11,000 [−29.8%]	16,500 [−47.6%]
Operating profit	3,500 [−54.2%]	1,000 [−94.0%]
Ordinary profit	3,500 [−60.0%]	1,000 [−94.5%]
Net income	4,500 [−53.8%]	3,000 [−82.6%]
Net income per share*	3.22	2.15

* Yen

Note:
Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.

VI. Overview of Consolidated Results

1. Consolidated group results

The global economy entered a severe economic downturn beginning in the second half of the fiscal year as the financial crisis triggered by the rise in subprime mortgage defaults in the US spread into the real economy worldwide. Sharply impacted by the global economic slump, the Japanese economy fell into an economic recession of historic proportions with a broad decline in exports and a rapid appreciation of the exchange value of the yen led to deteriorating corporate earnings, cuts in private sector capital investment, and curtailment of production, resulting in reduced employment and the emergence of related social problems.

The Asahi Kasei Group faced an extremely challenging operating climate, with high feedstock and fuel costs continuing through the first half of the fiscal year before falling sharply in the second half, and with the sharp rise in the value of the yen, steep declines in product demand, and inventory adjustments among customers necessitating cutbacks in production for many products.

Consolidated net sales for the fiscal year decreased by ¥143.7 billion (8.5%) from a year ago to ¥1,553.1 billion with steep declines in product shipments in chemicals and electronics operations. Although profits in housing operations and in pharmaceuticals and medical devices operations remained firm, overall operating profit decreased by ¥92.7 billion (72.6%) to ¥35.0 billion with lower profits in chemicals, fibers, and electronics operations. Ordinary profit was ¥32.5 billion, decreasing by ¥88.0 billion (73.0%), and net income was ¥4.7 billion, decreasing by ¥65.2 billion (93.2%).

2. Results by operating segment

CHEMICALS

Sales decreased by ¥137.7 billion (15.7%) from a year ago to ¥741.5 billion and an operating loss of ¥0.4 billion resulted with a ¥65.6 billion decline in profitability.

In volume products operations, both chemicals and derivative products and polymer products, profitability fell with the sharp impact of high feedstock prices in the first half of the fiscal year and with a steep decline in shipment volumes due to deteriorating market conditions both in Japan and worldwide, the sharp impact of the appreciation of the yen, and the impact of devaluation of inventories in the second half of the fiscal year.

Although specialty products operations performed well during the first half of the fiscal year, shipments of Hipore™ Li-ion rechargeable battery separator membranes and of ion-exchange membranes for chlor-alkali electrolysis decreased with the sudden deterioration of market conditions in the second half of the fiscal year, and operating profit decreased.

HOMES

Sales increased by ¥23.7 billion (6.1%) from a year ago to ¥409.9 billion and operating profit increased by ¥0.5 billion (2.3%) to ¥21.9 billion.

Although deliveries of Hebel Haus™ unit homes recovered from the decline a year ago due to falsification of the performance of certain components as came to light in late October 2007, and there were deliveries of condominium units with the completion of a large construction project, operating profit in order-built and pre-built homes operations decreased with the impact of high costs for materials and a devaluation of real estate held as inventory for sale.

Although real estate operations struggled, operating profit from housing-related operations increased with remodeling and financing operations performing well.

New orders for order-built homes decreased by ¥15.0 billion from a year ago to ¥291.1 billion as an effect of a sharp decline in market conditions beginning in the second half of the fiscal year.

PHARMA

Sales increased by ¥8.4 billion (7.5%) from a year ago to ¥119.6 billion and operating profit decreased by ¥0.6 billion (5.0%) to ¥12.0 billion.

Although reimbursement prices decreased and R&D expenses increased, operating profit from pharmaceutical operations increased with licensing income for the anti-herpes agent Famvir™.

Although shipments of APS™ polysulfone-membrane artificial kidneys and Planova™ virus removal filters increased, particularly exports, operating profit in devices operations decreased with increased depreciation expenses following production capacity expansion and with the effect of the appreciating yen.

FIBERS

Sales decreased by ¥11.9 billion (10.4%) from a year ago to ¥102.2 billion and an operating loss of ¥0.9 billion resulted with a ¥8.1 billion decline in profitability.

Operating profit in elastic polyurethane filament operations decreased as deteriorating overseas market conditions resulted in lower product prices and shipment volumes, and with the effect of the appreciating yen.

Although shipments to overseas markets remained firm, operating profit in Bemberg™ regenerated cellulose fiber operations decreased with high feedstock and fuel costs and with the effect of the appreciating yen.

Profitability of nonwovens operations fell with high feedstock and fuel costs and decreased shipment volumes as an effect of deteriorating market conditions.

ELECTRONICS MATERIALS & DEVICES

Sales decreased by ¥21.5 billion (19.0%) from a year ago to ¥91.7 billion and operating profit decreased by ¥18.9 billion (85.0%) to ¥3.3 billion.

Operating profit in electronics materials and electronics devices operations decreased as a broad and rapid deterioration of market conditions occurred throughout all product sectors including cell phones, notebook PCs, and other IT and home electronics products, resulting in decreased shipment volumes, and with a sharp impact of the appreciating yen.

CONSTRUCTION MATERIALS

Sales increased by ¥5.2 billion (9.3%) from a year ago to ¥60.9 billion and operating profit decreased by ¥1.1 billion (39.5%) to ¥1.7 billion.

Although the BasePack™ earthquake-resistant column base attachment system performed well and shipments of Hebel™ autoclaved aerated concrete panels were maintained, operating profit in building materials and housing materials operations decreased with increased costs for fuel and materials.

Operating profit in foundation systems operations increased as shipments of the 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, increased.

Despite increased costs for fuel and materials, profitability of insulation materials operations improved with higher product prices.

SERVICES, ENGINEERING AND OTHERS

Sales decreased by ¥9.7 billion (26.3%) from a year ago to ¥27.3 billion and operating profit increased by ¥0.5 billion (9.2%) to ¥5.6 billion.

Although overseas plant engineering decreased with the completion of a major phase of work, operating profit in engineering operations increased with business related to the provision of services for Asahi Kasei Group operations performing well.

VII. Consolidated Financial Statements

1. Balance sheets

	At end of March 2008	At end of March 2009
Assets		
Current assets:		
Cash on hand and in banks	82,903	97,969
Notes and accounts receivable, trade	298,788	208,868
Marketable securities	303	406
Merchandise and finished goods	131,505	138,098
Work in progress	93,597	82,832
Raw materials and supplies	47,269	52,609
Deferred income taxes	26,130	18,444
Other	61,239	85,626
Allowance for doubtful accounts	(1,660)	(2,648)
Total current assets	740,075	682,205
Fixed assets:		
Property, plant and equipment, net of accumulated depreciation –		
Buildings	377,385	381,725
Less: Accumulated depreciation	(217,434)	(217,710)
Buildings – net	159,951	164,014
Machinery and equipment	1,123,378	1,138,427
Less: Accumulated depreciation	(958,159)	(977,646)
Machinery and equipment – net	165,220	160,781
Land	54,096	53,740
Leased assets	—	2,540
Less: Accumulated depreciation	—	(227)
Leased assets – net	—	2,313
Construction in progress	29,339	44,140
Other	103,908	109,437
Less: Accumulated depreciation	(88,320)	(93,155)
Other – net	15,588	16,282
Subtotal	424,193	441,271
Intangible fixed assets –		
Goodwill	5,707	7,449
Other	20,519	29,935
Subtotal	26,226	37,384
Investments and other assets –		
Investment securities	190,991	157,091
Long-term receivables	4,703	2,670
Deferred income taxes	12,777	28,874
Other	26,514	29,993
Allowance for doubtful accounts	(113)	(151)
Subtotal	234,873	218,477
Total fixed assets	685,292	697,132
Total assets	1,425,367	1,379,337

	At end of March 2008	At end of March 2009
Liabilities:		
Current liabilities –		
Notes and accounts payable, trade	155,120	113,378
Short-term borrowings	43,220	100,786
Commercial paper	55,000	55,000
Current portion of corporate bonds	25,000	20,000
Short-term lease obligations	—	489
Accrued income taxes	9,730	4,097
Deferred tax liabilities	58	—
Accrued expenses	108,947	86,947
Advances received	49,718	40,203
Allowance for repairs	4,716	1,674
Allowance for after-care of products	6,018	9,396
Other current liabilities	55,885	55,951
Total current liabilities	513,413	487,921
Long-term liabilities –		
Corporate bonds	25,000	5,000
Long-term borrowings	63,187	132,474
Long-term lease obligations	—	1,845
Deferred tax liabilities	9,155	4,257
Retirement benefits for employees	116,133	109,864
Retirement benefits for directors and corporate auditors	997	1,046
Allowance for repairs	2,078	4,499
Customers' guarantee deposits	18,935	19,149
Other long-term liabilities	2,314	1,931
Total long-term liabilities	237,798	280,065
Total liabilities	751,211	767,986
Net assets:		
Stockholders' equity:		
Common stock	103,389	103,389
Capital surplus	79,427	79,404
Retained earnings	432,246	418,292
Treasury stock, at cost	(2,019)	(1,946)
Total stockholders' equity	613,042	599,139
Valuation, translation adjustments and others:		
Net unrealized gain on securities	51,091	23,301
Net deferred profit on hedges	11	(178)
Revaluation surplus	873	—
Cumulative translation adjustments	1,226	(18,416)
Total valuation, translation adjustments and others	53,201	4,708
Minority interest in consolidated subsidiaries	7,912	7,504
Total net assets	674,156	611,351
Total liabilities and net assets	1,425,367	1,379,337

2. Statements of income

	FY 2007	FY 2008
Net sales	1,696,789	1,553,108
Cost of sales	1,288,965	1,237,815
Gross profit	407,824	315,293
Selling, general and administrative expenses	280,168	280,333
Operating profit	127,656	34,959
Non-operating income:		
Interest income	879	1,021
Dividend income	3,188	2,594
Equity in net earnings of unconsolidated subsidiaries and affiliates	3,757	831
Insurance recoveries	—	1,131
Other	4,276	2,963
Total non-operating income	12,100	8,540
Non-operating expenses:		
Interest expense	4,202	4,284
Loss on disposal of inventories	2,658	—
Foreign exchange loss, net	5,428	1,359
Other	7,012	5,356
Total non-operating expenses	19,300	10,999
Ordinary profit	120,456	32,500
Special gains:		
Gain on sale of investment securities	3,432	17
Gain on sale of property, plant and equipment	309	524
Gain on change in equity	559	—
Total special gains	4,300	540
Special losses:		
Loss on sale of investment securities	—	70
Loss on devaluation of investment securities	1,027	721
Loss on disposal of property, plant and equipment	6,821	5,943
Impairment loss	4,802	343
Charge for environmental countermeasures	2,239	1,932
Charge for remediation of homes delivered in previous years	3,000	—
Restructuring charges	1,269	5,001
Total special losses	19,157	14,009
Income before income taxes and minority interests	105,599	19,031
Income taxes – currently payable	34,555	8,521
Income taxes – deferred	450	5,174
Total income taxes	35,005	13,695
Minority interest in income of consolidated subsidiaries	649	592
Net income	69,945	4,745

3. Statements of changes in net assets

	FY 2007	FY 2008
Shareholders' equity		
Common stock		
Balance at end of previous fiscal year	103,389	103,389
Balance at end of fiscal year	103,389	103,389
Capital surplus		
Balance at end of previous fiscal year	79,396	79,427
Changes during the fiscal year		
Disposal of treasury stock	31	(23)
Total changes during the fiscal year	31	(23)
Balance at end of fiscal year	79,427	79,404
Retained earnings		
Balance at end of previous fiscal year	380,515	432,246
Reversal of revaluation reserve due to unification of accounting standards at overseas subsidiaries	—	873
Changes during the fiscal year		
Dividends	(18,188)	(19,581)
Net income	69,945	4,745
Decrease due to merger	(26)	—
Change in scope of application of equity method	—	10
Total changes during the fiscal year	51,731	(14,826)
Balance at end of fiscal year	432,246	418,292
Treasury stock, at cost		
Balance at end of previous fiscal year	(1,544)	(2,019)
Changes during the fiscal year		
Purchase of treasury stock	(542)	(241)
Disposal of treasury stock	67	314
Total changes during the fiscal year	(475)	73
Balance at end of fiscal year	(2,019)	(1,946)
Total shareholders' equity		
Balance at end of previous fiscal year	561,755	613,042
Reversal of revaluation reserve due to unification of accounting standards at overseas subsidiaries	—	873
Changes during the fiscal year		
Dividends	(18,188)	(19,581)
Net income	69,945	4,745
Purchase of treasury stock	(542)	(241)
Disposal of treasury stock	98	291
Decrease due to merger	(26)	—
Change in scope of application of equity method	—	10
Total changes during the fiscal year	51,287	(14,777)
Balance at end of fiscal year	613,042	599,139
Valuation, translation adjustments, and others		
Net unrealized gain on securities		
Balance at end of previous fiscal year	79,823	51,091
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	(28,732)	(27,790)
Total changes during the fiscal year	(28,732)	(27,790)
Balance at end of fiscal year	51,091	23,301
Net deferred profit on hedges		
Balance at end of previous fiscal year	58	11
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	(47)	(189)
Total changes during the fiscal year	(47)	(189)
Balance at end of fiscal year	11	(178)

	FY 2007	FY 2008
Revaluation surplus		
Balance at end of previous fiscal year	1,106	873
Reversal of revaluation reserve due to unification of accounting standards at overseas subsidiaries	—	(873)
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	(233)	—
Total changes during the fiscal year	(233)	—
Balance at end of fiscal year	873	—
Cumulative translation adjustments		
Balance at end of previous fiscal year	2,913	1,226
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	(1,687)	(19,642)
Total changes during the fiscal year	(1,687)	(19,642)
Balance at end of fiscal year	1,226	(18,416)
Total valuation, translation adjustments, and others		
Balance at end of previous fiscal year	83,900	53,201
Reversal of revaluation reserve due to unification of accounting standards at overseas subsidiaries	—	(873)
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	(30,699)	(47,621)
Total changes during the fiscal year	(30,699)	(47,621)
Balance at end of fiscal year	53,201	4,708
Minority interest in consolidated subsidiaries		
Balance at end of previous fiscal year	7,855	7,912
Changes during the fiscal year		
Net increase (decrease) in net assets other than shareholders' equity	57	(408)
Total changes during the fiscal year	57	(408)
Balance at end of fiscal year	7,912	7,504
Total net assets		
Balance at end of previous fiscal year	653,510	674,156
Changes during the fiscal year		
Dividends	(18,188)	(19,581)
Net income	69,945	4,745
Purchase of treasury stock	(542)	(241)
Disposal of treasury stock	98	291
Decrease due to merger	(26)	—
Change in scope of application of equity method	—	10
Net increase (decrease) in net assets other than shareholders' equity	(30,642)	(48,029)
Total changes during the fiscal year	20,646	(62,805)
Balance at end of fiscal year	674,156	611,351

4. Statements of cash flows

	FY 2007	FY 2008
Cash flows from operating activities:		
Income before income taxes and minority interest	105,599	19,031
Depreciation and amortization	73,983	79,436
Impairment loss	4,802	343
Amortization of goodwill	478	619
Amortization of negative goodwill	(171)	(90)
Increase (decrease) in allowance for repairs	2,287	(621)
Increase (decrease) in allowance for after-care of products	2,617	3,380
Increase (decrease) in accrued pension and severance costs	(9,211)	(6,011)
Interest and dividend income	(4,067)	(3,615)
Interest expense	4,202	4,284
Decrease (increase) in equity in net earnings of unconsolidated subsidiaries and affiliates	(3,757)	(831)
Loss (gain) on sale of investment securities	(3,432)	53
Loss (gain) on devaluation of investment securities	1,027	721
Loss (gain) on sale of property, plant and equipment	(309)	(524)
Loss (gain) on disposal of property, plant and equipment	6,821	5,943
Decrease (increase) in notes and accounts receivable, trade	(104)	83,714
Decrease (increase) in inventories	(33,295)	(6,737)
Increase (decrease) in notes and accounts payable, trade	(30,571)	(37,272)
Increase (decrease) in accrued expenses	6,120	(21,530)
Increase (decrease) in advances received	553	(9,498)
Other	(6,168)	(18,728)
Subtotal	117,403	92,068
Interest and dividend income, received	5,613	5,925
Interest expense, paid	(4,497)	(4,185)
Income taxes, paid	(45,572)	(24,996)
Net cash provided by operating activities	72,947	68,812
Cash flows from investing activities:		
Payments for acquisition of property, plant and equipment	(68,822)	(97,214)
Proceeds from sale of property, plant and equipment	1,026	1,948
Payments for acquisition of intangible fixed assets	(7,384)	(22,016)
Payments for purchase of investment securities	(2,115)	(17,518)
Proceeds from sale of investment securities	10,231	516
Proceeds from sales of consolidated subsidiaries	998	—
Payments for loan receivables	(9,748)	(6,374)
Collections of loan receivables	8,333	5,791
Other	(1,654)	(839)
Net cash used in investing activities	(69,135)	(135,707)

	FY 2007	FY 2008
Cash flows from financing activities:		
Proceeds from short-term borrowings	27,057	81,230
Repayment of short-term borrowings	(45,147)	(34,439)
Proceeds from issuance of commercial paper	75,000	135,000
Repayment of commercial paper	(20,000)	(135,000)
Proceeds from long-term loans	2,585	97,131
Repayment of long-term loans	(9,258)	(11,947)
Repayment of bonds	(34,000)	(25,000)
Repayment of lease obligations	—	(206)
Payments for purchase of treasury stock	(551)	(249)
Proceeds from sale of treasury stock	89	147
Dividends paid	(18,174)	(19,581)
Dividends paid to minority interests in consolidated subsidiaries	(145)	(352)
Other	213	581
Net cash used provided by financing activities	(22,330)	87,314
Effect of exchange rate changes on cash and cash equivalents	(219)	(5,360)
Net increase in cash and cash equivalents	(18,736)	15,059
Cash and cash equivalents at beginning of period	101,719	83,033
Cash and cash equivalents held by newly consolidated subsidiaries	50	—
Cash and cash equivalents at end of period	83,033	98,092

VIII. Segment Information

1. Industry segments

(1) Fiscal 2007

	Chemicals	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations*	Consolidated
Sales										
Customers	879,235	386,227	111,232	114,072	113,267	55,732	37,024	1,696,789	—	1,696,789
Intersegment	14,081	86	6	2,120	1,045	11,742	27,534	56,613	(56,613)	—
Total	893,316	386,313	111,238	116,192	114,312	67,474	64,559	1,753,402	(56,613)	1,696,789
Operating expenses	828,098	364,933	98,560	108,972	92,081	64,690	59,407	1,616,741	(47,608)	1,569,133
Operating profit	65,218	21,380	12,678	7,220	22,230	2,784	5,151	136,661	(9,005)	127,656
Identifiable assets, depreciation and amortization, impairment loss, and capital expenditure										
Identifiable assets	618,877	213,846	142,774	113,251	122,310	44,993	332,164	1,588,214	(162,847)	1,425,367
Depreciation and amortization	37,122	2,690	6,102	5,727	13,902	3,138	792	69,474	4,509	73,983
Impairment loss	—	—	—	3,753	1,049	—	—	4,802	—	4,802
Capital expenditure	34,344	7,451	10,007	9,255	17,018	2,507	793	81,375	1,536	82,911

* Includes corporate operating expenses of ¥16,149 million (mainly expenses for basic research and group management), and corporate assets of ¥413,689 million, such as surplus funds (cash on hand and in banks), long-term-investment funds (investment securities, etc.), and land, etc.

(2) Fiscal 2008

	Chemicals	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations*	Consolidated
Sales										
Customers	741,486	409,882	119,619	102,176	91,721	60,927	27,297	1,553,108	—	1,553,108
Intersegment	15,728	71	11	1,990	654	12,676	32,567	63,697	(63,697)	—
Total	757,214	409,952	119,630	104,166	92,375	73,603	59,864	1,616,804	(63,697)	1,553,108
Operating expenses	757,632	388,082	107,590	105,027	89,030	71,919	54,237	1,573,519	(55,370)	1,518,148
Operating profit (loss)	(419)	21,871	12,040	(861)	3,345	1,683	5,627	43,286	(8,326)	34,959
Identifiable assets, depreciation and amortization, impairment loss, and capital expenditure										
Identifiable assets	583,614	216,716	176,699	107,781	115,154	43,736	449,637	1,693,337	(314,000)	1,379,337
Depreciation and amortization	36,666	3,439	10,275	6,440	15,428	3,619	806	76,673	2,763	79,436
Impairment loss	—	—	112	264	79	754	—	1,208	—	1,208
Capital expenditure	45,667	7,037	31,569	12,257	21,557	2,430	1,082	121,598	5,127	126,725

* Includes corporate operating expenses of ¥14,726 million (mainly expenses for basic research and group management), and corporate assets of ¥457,979 million, such as surplus funds (cash on hand and in banks), long-term-investment funds (investment securities, etc.), and land, etc.

Note:

・Impairment loss of ¥112 million in Pharma and ¥754 million in Construction Materials are included in restructuring charges.

・The effect by segment of the change to statement of inventories at the lower of cost or net sales value is that operating profit is lower by ¥9,286 million in Chemicals, ¥2,536 million in Homes, ¥862 million in Pharma, ¥174 million in Fibers, ¥53 million in Electronics Materials & Devices, and ¥11 million in Services, Engineering and Others than they would have been using the previous method.

・The effect by segment of the change to recording loss on disposal of inventories under cost of sales is that operating profit is lower by ¥1,055 million in Chemicals, ¥15 million in Homes, ¥1,008 million in Pharma, ¥183 million in Fibers, ¥1,598 million in Electronics Materials & Devices, ¥68 million in Construction Materials, and ¥6 million in Services, Engineering and Others than they would have been using the previous method.

・The effect by segment of the change to conversion of sales and costs at foreign subsidiaries, etc. to yen at the average market value during the fiscal period is that net sales are higher by ¥16,847 million in Chemicals, ¥3,052 million in Fibers, ¥1,542 million in Electronics Materials & Devices, and ¥64 million in Services, Engineering and Others than they would have been using the previous method, and that operating profit is higher by ¥877 million in Chemicals, ¥27 million in Pharma, ¥57 million in Fibers, ¥270 million in Electronics Materials & Devices, and ¥3 million in Services, Engineering and Others than they would have been using the previous method.

2. Geographic information

(1) Fiscal 2007

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

(2) Fiscal 2008

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

3. Overseas sales

(1) Fiscal 2007

	East Asia*	Other regions†	Total
Overseas sales	287,862	199,475	487,337
Consolidated net sales	—	—	1,696,789
Overseas sales/ consolidated net sales	17.0%	11.8%	28.7%

(2) Fiscal 2008

	East Asia*	Other regions†	Total
Overseas sales	233,219	160,746	393,965
Consolidated net sales	—	—	1,553,108
Overseas sales/ consolidated net sales	15.0%	10.3%	25.4%

* China, Korea, and Taiwan.
† Southeast Asia (except East Asia), US, Europe, and others.