

Fiscal 2010 2nd Quarter Financial Results

– supplementary financial summary –

November 2, 2010
Asahi Kasei Corporation

Consolidated results for 1st half fiscal year 2010

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Consolidated results for 1st half fiscal year 2010

Summary of financial results (i)

(¥ billion)

	H1 2009	H1 2010	
		Result	Forecast in Aug.
Net sales	658.6	764.8	789.0
<i>of which, overseas sales</i>	176.2	225.1	–
Operating income	18.0	63.5	52.0
Ordinary income	15.1	59.6	48.0
Net income	4.2	28.5	23.0

H1 2010 vs. H1 2009		Result vs. forecast in Aug.	
Increase (decrease)	% change	Increase (decrease)	% change
106.1	+16.1%	(24.2)	-3.1%
48.9	+27.8%	–	–
45.6	+253.6%	11.5	+22.2%
44.5	+295.2%	11.6	+24.1%
24.2	+571.0%	5.5	+23.8%

At closing	Mar. 2010	Sep. 2010	Increase (decrease)
Total assets	1,368.9	1,397.6	28.7
Equity	633.3	640.9	7.5
Interest-bearing debt	264.6	260.3	(4.3)
Debt/equity ratio	0.42	0.41	(0.01)

Summary of financial results (ii)

	H1 2009	H1 2010
Dividends per share	¥5	¥5
Net income per share (EPS)	¥3.03	¥20.36
Shareholders' equity per share (BPS)	¥440.54	¥458.29

Scope of consolidation

Number of consolidated subsidiaries	98	102
Number of affiliates for which the equity method is applied	50	48

Key operating factors

Naphtha price (¥/kL, domestic)	37,250	46,200
¥/US\$ exchange rate (market average)	95	89
Employees at end of period	25,076	25,150

Statements of income

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(¥ billion)

	H1 2009		H1 2010		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	658.6	100.0%	764.8	100.0%	106.1	+16.1
Cost of sales	507.5	77.1%	563.3	73.7%	55.7	+11.0
Gross profit	151.1	22.9%	201.5	26.3%	50.4	+33.4
Selling, general and administrative expenses	133.1	20.2%	138.0	18.0%	4.9	+3.6
Operating income	18.0	2.7%	63.5	8.3%	45.6	+253.6
Non-operating income (expenses)	(2.9)		(3.9)		(1.0)	
of which,						
financing income and expense	(0.1)		(0.0)		0.0	
equity in earnings of affiliates	(0.2)		1.1		1.3	
foreign exchange loss	(2.2)		(3.6)		(1.4)	
Ordinary income	15.1	2.3%	59.6	7.8%	44.5	+295.2
Extraordinary income (loss)	(4.6)		(13.2)		(8.6)	
Income before income taxes	10.5	1.6%	46.4	6.1%	35.9	+342.1
Income taxes	(6.4)		(16.9)		(10.5)	
Minority interest in income (loss)	0.1		(1.0)		(1.1)	
Net income	4.2	0.6%	28.5	3.7%	24.2	+571.0

Financing activity

Net financing expenses

(¥ billion)

	H1 2009	H1 2010
Interest expenses	(1.9)	(1.7)
Interest income	0.6	0.5
Dividends income	1.2	1.2
Others	(0.0)	(0.0)
Total	(0.1)	(0.0)

Increase (decrease)
0.2
(0.1)
(0.1)
0.0
0.0

Interest-bearing debt

(¥ billion)

At end of	Sep. 2009	Mar. 2010	Sep. 2010
Short-term loans payable	100.9	94.0	101.7
Commercial paper	64.0	19.0	21.0
Long-term loans payable	130.4	121.9	107.7
Bonds payable	5.0	25.0	25.0
Lease obligations	3.7	4.7	4.9
Total	304.0	264.6	260.3

Mar.–Sep. 10 increase (decrease)
7.7
2.0
(14.2)
–
0.2
(4.3)

Extraordinary income and loss

(¥ billion)

	H1 2009	H1 2010	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.1	–	(0.1)
Gain on sales of property, plant and equipment	0.0	0.0	(0.0)
Total extraordinary income	0.1	0.0	(0.1)
Extraordinary loss			
Loss on valuation of investment securities	0.7	0.4	(0.3)
Loss on disposal of noncurrent assets	1.3	2.3	1.0
Impairment loss	0.1	0.0	(0.0)
Environmental expenses	1.2	0.7	(0.5)
Loss on adjustment for changes of accounting for asset retirement obligations	–	1.2	1.2
Business structure improvement expenses	1.4	8.6*	7.2
Total extraordinary loss	4.7	13.2	8.5
Net extraordinary income (loss)	(4.6)	(13.2)	(8.6)

* Mainly expenses related to closure of ammonia and benzene plants.

Balance sheets

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(¥ billion)

	At end of Mar. 2010	At end of Sep. 2010	Increase (decrease)		At end of Mar. 2010	At end of Sep. 2010	Increase (decrease)
Current assets	660.4	714.3	53.9	Liabilities	724.2	744.6	20.4
Cash and deposits	93.9	94.2	0.3	Current liabilities	434.8	470.6	35.7
Notes and accounts receivable, trade	238.9	262.5	23.5	Noncurrent liabilities	289.4	274.0	(15.3)
Inventories	251.1	276.5	25.4	Net assets	644.7	653.0	8.3
Other current assets	76.5	81.1	4.6	Shareholders' equity	612.9	634.6	21.7
Noncurrent assets	708.5	683.4	(25.1)	Capital stock	103.4	103.4	–
Property, plant and equipment	447.5	435.0	(12.5)	Capital surplus	79.4	79.4	(0.0)
Intangible assets	34.7	32.1	(2.6)	Retained earnings	432.1	453.8	21.7
Investments and other assets	226.3	216.3	(10.0)	Treasury stock	(2.0)	(2.0)	(0.0)
				Valuation and translation adjustments	20.5	6.2	(14.2)
				Minority interest	11.3	12.2	0.8
Total assets	1,368.9	1,397.6	28.7	Total liabilities and net assets	1,368.9	1,397.6	28.7

Cash flows and primary investments

Cash flows

(¥ billion)

	H1 2009	H1 2010
a. Net cash provided by (used in) operating activities	52.6	49.3
b. Net cash provided by (used in) investing activities	(53.7)	(37.4)
c. Free cash flows [a+b]	(1.1)	11.9
d. Net cash provided by (used in) financing activities	(26.0)	(11.9)
e. Effect of exchange rate change on cash and cash equivalents	0.6	(2.1)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(26.5)	(2.1)
g. Cash and cash equivalents at beginning of period	98.1	93.1
h. Increase in cash and cash equivalents resulting from change of scope of consolidation	0.4	0.9
i. Cash and cash equivalents at end of period [f+g+h]	72.0	91.9

Primary investments

(¥ billion)

	H1 2009	FY 2009	H1 2010	FY 2010 forecast
	Capital expenditure (tangible)	43.2	77.9	30.1
Capital expenditure (intangible)	3.9	6.1	2.1	6.0
Total	47.1	84.0	32.2	75.0
Depreciation and amortization	39.5	87.3	40.9	90.0
R&D expenditures	30.1	62.9	30.7	65.0

H1 10 vs. H1 09 sales and operating income by segment

(¥ billion)

	Sales			Operating income (loss)			H1 2010 forecast in Aug.	
	H1 2009	H1 2010	Increase (decrease)	H1 2009	H1 2010	Increase (decrease)	Sales	Operating income
Chemicals	293.3	365.0	71.7	11.5	37.3	25.8	386.0	32.0
Homes	157.7	173.5	15.8	4.1	10.1	6.0	174.0	8.5
Health Care	56.3	57.8	1.4	3.4	4.2	0.8	58.0	3.5
Fibers	48.7	54.6	5.9	(2.9)	2.3	5.2	53.0	1.5
Electronics	68.5	83.2	14.6	2.8	10.7	7.9	85.0	9.5
Construction Materials	24.6	23.4	(1.2)	0.6	1.1	0.5	24.0	1.0
Others*	9.6	7.4	(2.2)	1.0	0.8	(0.3)	9.0	0.5
Corporate Expenses and Eliminations	–	–	–	(2.6)	(3.0)	(0.4)	–	(4.5)
Consolidated	658.6	764.8	106.1	18.0	63.5	45.6	789.0	52.0

* Others category replaces the former Services, Engineering and Others segment. Operating expenses of one consolidated subsidiary previously included in Services, Engineering and Others are now included in corporate expenses and eliminations (no impact on sales, immaterial impact on operating income).

Overseas sales by segment

(¥ billion)

	H1 2009			H1 2010			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	293.3	115.7	39.5	365.0	150.4	41.2	34.7	+30.0
Homes	157.7	–	–	173.5	–	–	–	–
Health Care	56.3	12.5	22.2	57.8	13.5	23.4	1.0	+8.0
Fibers	48.7	15.2	31.3	54.6	19.2	35.2	4.0	+26.3
Electronics	68.5	31.2	45.5	83.2	41.5	49.9	10.3	+33.1
Construction Materials	24.6	–	–	23.4	–	–	–	–
Others*	9.6	1.6	16.4	7.4	0.4	6.0	(1.1)	-71.7
Total	658.6	176.2	26.7	764.8	225.1	29.4	48.9	+27.8
Sales to East Asia [†]		119.0	18.1		145.6	19.0	26.6	+22.3

Sales, excluding Homes and
Construction Materials

476.4 176.2 37.0 567.8 225.1 39.6

* Others category replaces the former Services, Engineering and Others segment.

† China, Korea, and Taiwan.

Sales increases/decreases by segment

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	H1 2009	H1 2010	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	293.3	365.0	21.8	34.5	(5.0)	15.4	71.7
Homes	157.7	173.5	9.3	2.0	–	4.5	15.8
Health Care	56.3	57.8	1.5	(2.7)	(1.1)	2.6	1.4
Fibers	48.7	54.6	8.1	0.2	(0.9)	(2.4)	5.9
Electronics	68.5	83.2	24.5	(9.9)	(1.3)	0.0	14.6
Construction Materials	24.6	23.4	(0.8)	(0.4)	–	0.0	(1.2)
Others*	9.6	7.4	(2.2)	0.0	0.0	0.0	(2.2)
Total	658.6	764.8	62.3	23.7	(8.3)	20.1	106.1

* Others category replaces the former Services, Engineering and Others segment.

Operating income increases/decreases by segment

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(¥ billion)

	Operating income		Increase (decrease) due to:				Net increase (decrease)
	H1 2009	H1 2010	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	11.5	37.3	5.0	34.5	(5.0)	(13.7)	25.8
Homes	4.1	10.1	2.6	2.0	–	1.3	6.0
Health Care	3.4	4.2	1.7	(2.7)	(1.1)	1.8	0.8
Fibers	(2.9)	2.3	2.5	0.2	(0.9)	2.5	5.2
Electronics	2.8	10.7	12.7	(9.9)	(1.3)	5.1	7.9
Construction Materials	0.6	1.1	(0.1)	(0.4)	–	1.0	0.5
Others*	1.0	0.8	(0.1)	0.0	0.0	(0.1)	(0.3)
Corporate Expenses and Eliminations	(2.6)	(3.0)	–	–	–	(0.4)	(0.4)
Total	18.0	63.5	24.3	23.7	(8.3)	(2.5)	45.6

* Others category replaces the former Services, Engineering and Others segment. Operating expenses of one consolidated subsidiary previously included in Services, Engineering and Others are now included in corporate expenses and eliminations (no impact on sales, immaterial impact on operating income).

Forecast for fiscal year 2010

Consolidated operating performance

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(¥ billion)

	FY 2009			FY 2010 forecast			Increase (decrease)	FY 2010 forecast in May	Increase (decrease)
	H1	H2	Total	H1	H2 forecast	Total			
Net sales	658.6	774.9	1,433.6	764.8	843.2	1,608.0	174.4	1,677.0	(69.0)
Operating income	18.0	39.7	57.6	63.5	51.5	115.0	57.4	80.0	35.0
Ordinary income	15.1	41.3	56.4	59.6	50.9	110.5	54.1	77.5	33.0
Net income	4.2	21.0	25.3	28.5	30.0	58.5	33.2	42.5	16.0

Naphtha price (¥/kL, domestic)	37,250	45,100	41,175	46,200	45,000	45,600	4,425	50,000	(4,400)
¥/US\$ exchange rate (market average)	95	90	93	89	80	85	(8)	90	(5)

	FY 2009	FY 2010
Dividends per share	¥10	¥10 (planned)
Payout ratio	55.3%	23.9%

Sales forecast by segment

(¥ billion)

	FY 2009			FY 2010 forecast			Increase (decrease)	FY 2010 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Chemicals	293.3	328.8	622.1	365.0	376.0	741.0	118.9	391.0	407.0	798.0	(26.0)	(31.0)	(57.0)
Homes	157.7	232.0	389.7	173.5	239.5	413.0	23.3	176.0	240.0	416.0	(2.5)	(0.5)	(3.0)
Health Care	56.3	56.9	113.2	57.8	59.2	117.0	3.8	59.0	64.0	123.0	(1.2)	(4.8)	(6.0)
Fibers	48.7	52.5	101.2	54.6	52.4	107.0	5.8	51.0	54.0	105.0	3.6	(1.6)	2.0
Electronics	68.5	74.2	142.7	83.2	82.8	166.0	23.3	81.0	86.0	167.0	2.2	(3.2)	(1.0)
Construction Materials	24.6	22.4	47.0	23.4	25.6	49.0	2.0	25.0	25.0	50.0	(1.6)	0.6	(1.0)
Others*	9.6	8.0	17.6	7.4	7.6	15.0	(2.6)	9.0	9.0	18.0	(1.6)	(1.4)	(3.0)
Consolidated	658.6	774.9	1,433.6	764.8	843.2	1,608.0	174.4	792.0	885.0	1,677.0	(27.2)	(41.8)	(69.0)

* Others category replaces the former Services, Engineering and Others segment.

Operating income forecast by segment

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(¥ billion)

	FY 2009			FY 2010 forecast			Increase (decrease)	FY 2010 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Chemicals	11.5	14.6	26.1	37.3	21.7	59.0	32.9	15.5	13.0	28.5	21.8	8.7	30.5
Homes	4.1	21.2	25.3	10.1	22.9	33.0	7.7	7.0	22.0	29.0	3.1	0.9	4.0
Health Care	3.4	0.6	4.0	4.2	3.3	7.5	3.5	3.5	5.5	9.0	0.7	(2.2)	(1.5)
Fibers	(2.9)	0.1	(2.8)	2.3	1.2	3.5	6.3	0.5	1.5	2.0	1.8	(0.3)	1.5
Electronics	2.8	4.4	7.2	10.7	4.8	15.5	8.3	7.5	8.5	16.0	3.2	(3.7)	(0.5)
Construction Materials	0.6	0.6	1.2	1.1	0.9	2.0	0.8	1.0	1.0	2.0	0.1	(0.1)	–
Others*	1.0	0.8	1.8	0.8	0.7	1.5	(0.3)	0.5	1.0	1.5	0.3	(0.3)	–
Corporate Expenses and Eliminations	(2.6)	(2.6)	(5.3)	(3.0)	(4.0)	(7.0)	(1.7)	(4.0)	(4.0)	(8.0)	1.0	(0.0)	1.0
Consolidated	18.0	39.7	57.6	63.5	51.5	115.0	57.4	31.5	48.5	80.0	32.0	3.0	35.0

* Others category replaces the former Services, Engineering and Others segment. Operating expenses of one consolidated subsidiary previously included in Services, Engineering and Others are now included in corporate expenses and eliminations (no impact on sales, immaterial impact on operating income).

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Appendix

Quarterly sales by segment

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(¥ billion)

	FY2008*				FY2009				FY2010		FY2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Chemicals	195.0	227.2	156.7	110.4	132.9	160.3	159.0	169.8	178.4	186.6	376.0
Homes	63.7	106.6	112.1	127.5	58.5	99.2	96.0	136.0	64.5	109.0	239.5
Health Care	34.6	28.2	29.6	27.2	28.5	27.8	29.6	27.3	28.7	29.0	59.2
Fibers	30.7	33.4	28.1	24.2	22.4	26.3	25.9	26.6	26.5	28.1	52.4
Electronics	39.6	39.1	31.2	19.8	31.5	37.0	37.4	36.8	40.9	42.2	82.8
Construction Materials	14.7	16.6	16.7	12.9	11.6	13.0	12.4	10.1	11.0	12.4	25.6
Others†	7.7	6.2	5.4	8.0	3.9	5.7	3.8	4.3	3.5	3.9	7.6
Total	386.0	457.2	379.8	330.1	289.3	369.3	364.1	410.9	353.5	411.3	843.2

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

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

† Others category replaces the former Services, Engineering and Others segment.

Quarterly operating income by segment

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(¥ billion)

	FY2008*				FY2009				FY2010		FY2010
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Chemicals	6.2	6.9	(2.3)	(17.3)	2.2	9.3	10.3	4.2	15.3	22.0	21.7
Homes	(3.7)	6.8	7.7	11.1	(3.0)	7.1	6.7	14.5	(0.9)	11.0	22.9
Health Care	9.0	1.2	2.8	(0.9)	3.1	0.3	2.9	(2.3)	3.3	0.8	3.3
Fibers	1.1	0.2	(0.5)	(2.2)	(1.5)	(1.4)	(0.0)	0.1	1.2	1.1	1.2
Electronics	6.8	5.8	1.2	(6.6)	(0.6)	3.4	2.6	1.8	5.2	5.5	4.8
Construction Materials	0.3	0.5	1.0	(0.2)	(0.0)	0.6	1.1	(0.5)	0.3	0.8	0.9
Others†	1.3	1.8	1.0	1.5	0.4	0.6	0.1	0.7	0.3	0.5	0.7
Corporate Expenses and Eliminations	(1.6)	(2.4)	(1.1)	(0.5)	(1.0)	(1.7)	(1.7)	(0.9)	(2.0)	(1.0)	(4.0)
Total	19.4	20.7	9.9	(15.1)	(0.3)	18.3	22.0	17.7	22.8	40.7	51.5

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

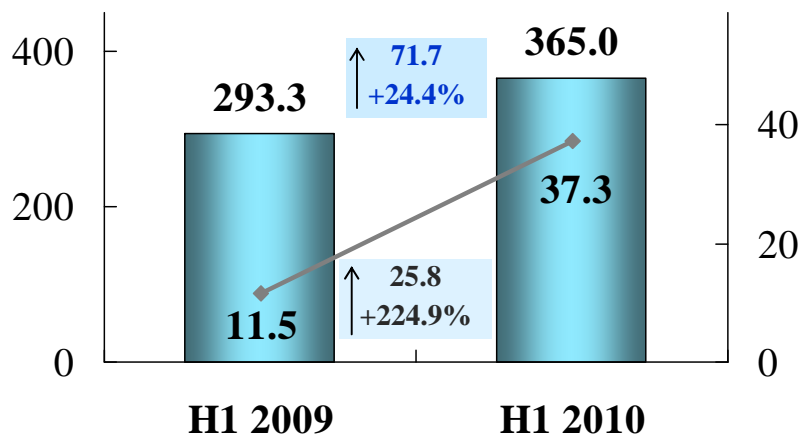
- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to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

† Others category replaces the former Services, Engineering and Others segment. Operating expenses of one consolidated subsidiary previously included in Services, Engineering and Others are now included in corporate expenses and eliminations (no impact on sales, immaterial impact on operating income).

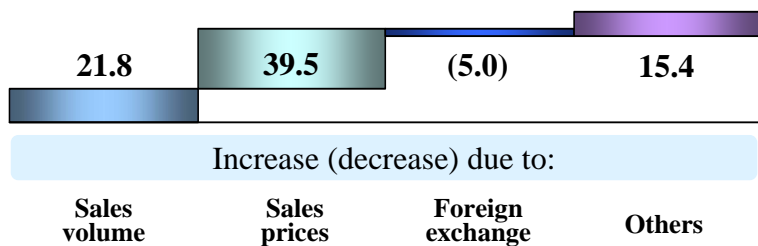
(¥ billion)

Sales

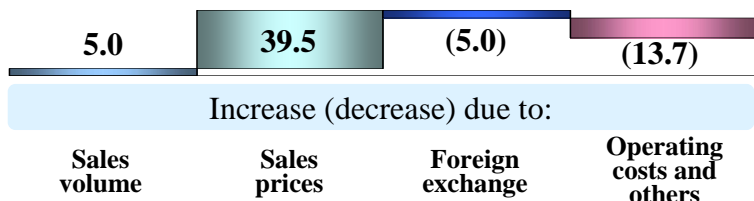
Operating income



Sales increases/decreases



Operating income increases/decreases



Review of operations

Volume products:

Chemicals and derivative products

Impact of maintenance turnaround. Improvement in trade of terms with significant increase of overseas market prices for acrylonitrile (AN) and adipic acid. Sales and operating income increase.

Polymer products

Increased shipments for automotive and electronic applications with a recovery of demand. Improvement of plant operating rates. Sales and operating income increase.

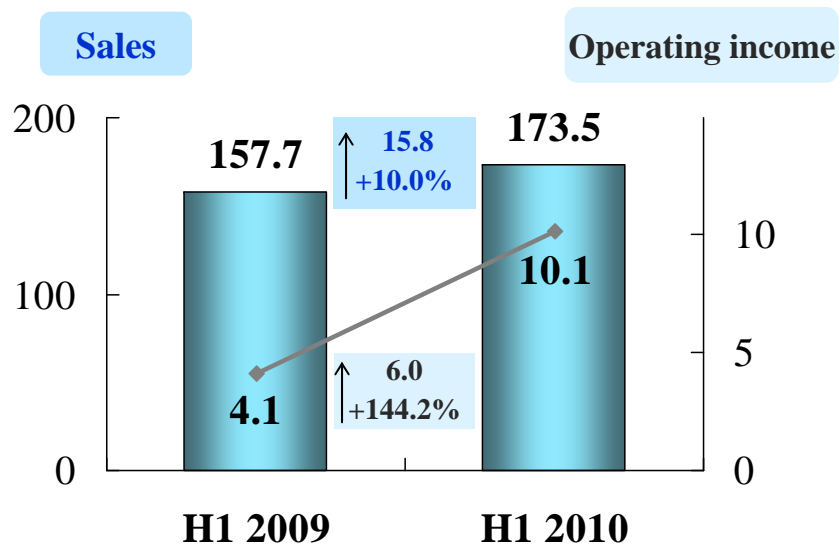
Specialty products:

Good performance in home-use products such as Saran Wrap™. Sales and operating income increase.

Highlights

- May, MOU to establish joint venture with Mitsubishi Chemical Holdings Corp. for unified naphtha cracker operations in Mizushima in April 2011.
- June, Microza™ hollow-fiber membrane system selected for Asia's largest membrane-process water clarification plant, a drinking water plant in Hangzhou, China.
- August, decision to cease production of ammonia and benzene at the maintenance turnaround in March–April 2012.
- October, decision to construct solution SBR plant in Singapore.

(¥ billion)



Results by product category*

(¥ billion)

	H1 2009		H1 2010		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes	115.8	/	125.5	/	9.7	/
Pre-built homes	5.2		9.4		4.2	
Others	0.8		1.1		0.3	
Total homes	121.9	1.4	136.0	7.5	14.1	6.1
Housing-related	35.8	2.7	37.5	2.6	1.7	(0.1)
Total	157.7	4.1	173.5	10.1	15.8	6.0

* Product category division unaudited.

Review of operations

Order-built and pre-built homes:

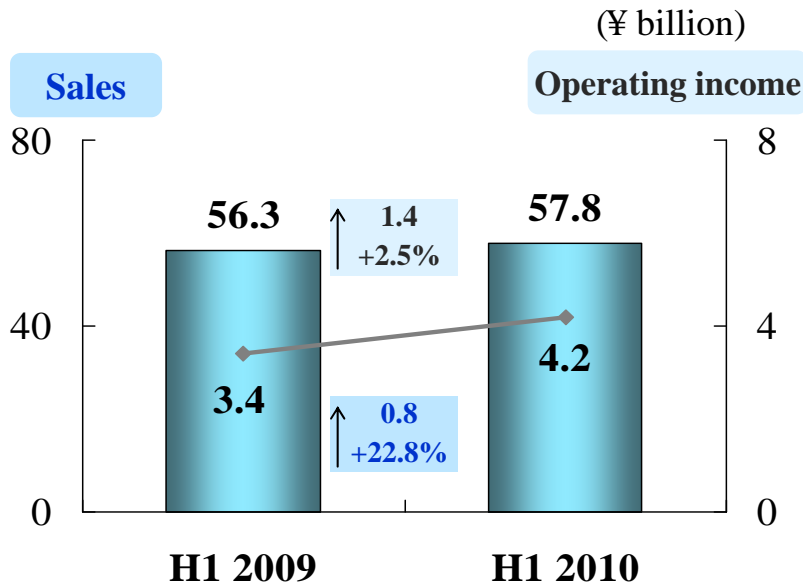
- Steady recovery in deliveries of Hebel Haus™ unit homes and Hebel Maison™ apartment buildings. Reduced operating costs. Sales and operating income increase.
- Market launch of new products. Effect of government policy to support home purchases. Value of new orders increasing 17.6% from a year ago.

Housing-related operations:

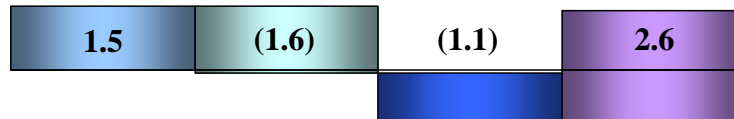
Increased orders for remodeling. Increase in number of rental units in real estate operations. Sales increase. Mortgage operations adversely impacted by extension of “flat 35S” government-supported housing loan program to encourage home purchases. Higher payroll cost due to expanded sales force in remodeling operations. Flat operating income.

Highlights

- May, launch of Hebel Haus™ “i_co_i” two-generation homes with features to facilitate raising grandchildren.
- July, launch of Hebel Haus™ RONDO two-generation homes integrating rental units, with features to adapt to changing family structure.
- August, launch of Hebel Haus™ with lower living room floor for greater comfort.
- November, launch of Hebel Haus™ Frex “monado” enhanced three-story houses for urban life.



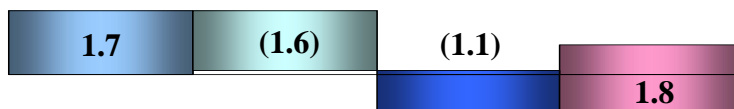
Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Operating costs and others

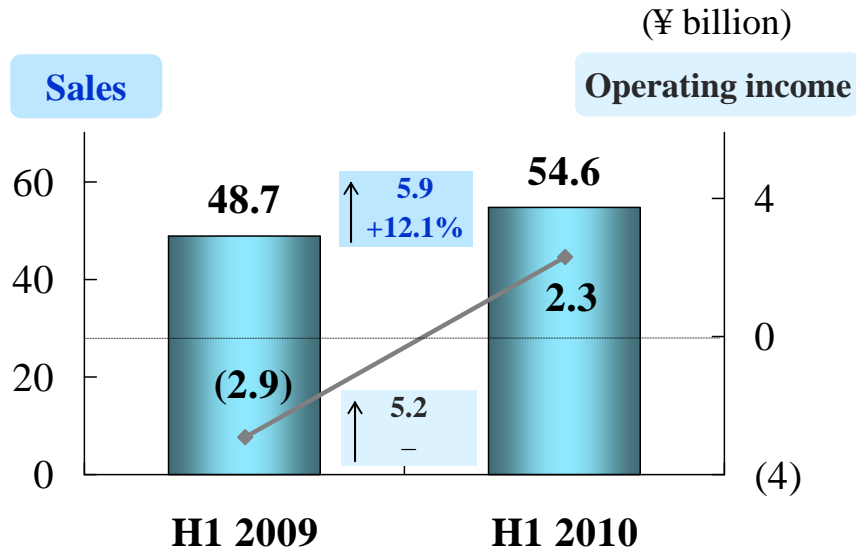
Review of operations

Pharmaceuticals: Negative impact of NHI price reduction on product prices. Increased shipments of Recomodulin™ recombinant thrombomodulin and Flivas™ agent for treatment of benign prostatic hyperplasia. Slight decrease in sales, but operating income increase.

Devices: Increased shipments of APS™ polysulfone-membrane artificial kidneys and therapeutic apheresis devices. Impact of strong yen. Sluggish performance in Planova™ virus removal filters. Sales increase, but operating income decrease.

Highlights

- April, announcement of preliminary results of Phase III clinical study of AT-877 for acute cerebral infarction license—the study's primary efficacy endpoint was not met.
- May, completion of a new assembly plant for Planova™.
- May, initiation of Phase IIa clinical trial for pentosan polysulfate for osteoarthritis.
- June, license agreement with Novartis Pharma AG to obtain exclusive rights to develop and sell the bisphosphonate zoledronic acid in Japan.
- June, amendment of license agreement with ThermoGenesis Corp. for autologous fibrin sealant producing system to obtain exclusive rights to manufacture the system in Japan.
- August, launch of BioOptimal™ MF-SL microfilters for bioprocessing.
- August, decision to construct new R&D facility for medical materials.
- September, decision to transfer operations for sales and R&D of contact lenses and related products to CooperVision, Inc. in Dec. 2010.
- September, completion of new plant for therapeutic apheresis devices.
- October, acquisition of all shares of Med-tech Inc., making it a wholly owned subsidiary ahead of schedule.
- October, application for approval to manufacture and sell MN-10-T (Teribone™ teriparatide acetate) as an osteoporosis drug in Japan.



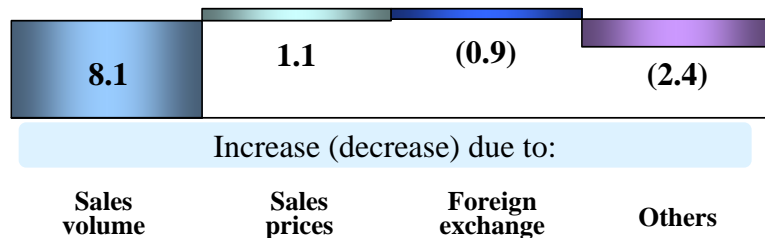
Review of operations

Impact of strong yen and high feedstock costs. Substantially increased shipments of Bemberg™ regenerated cellulose both in Japan and overseas. Favorable performance of Roica™ elastic polyurethane filament, Leona™ nylon 66 filament, and nonwovens including spunbond. Sales increase and operating income recovery.

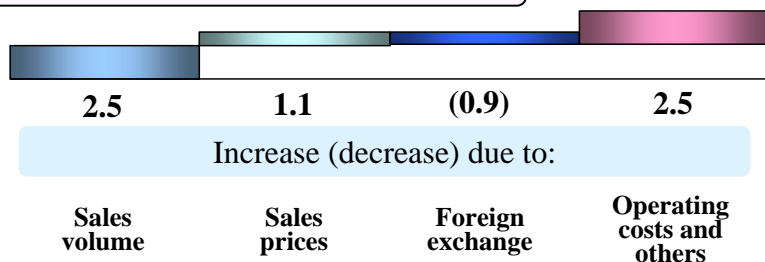
Highlights

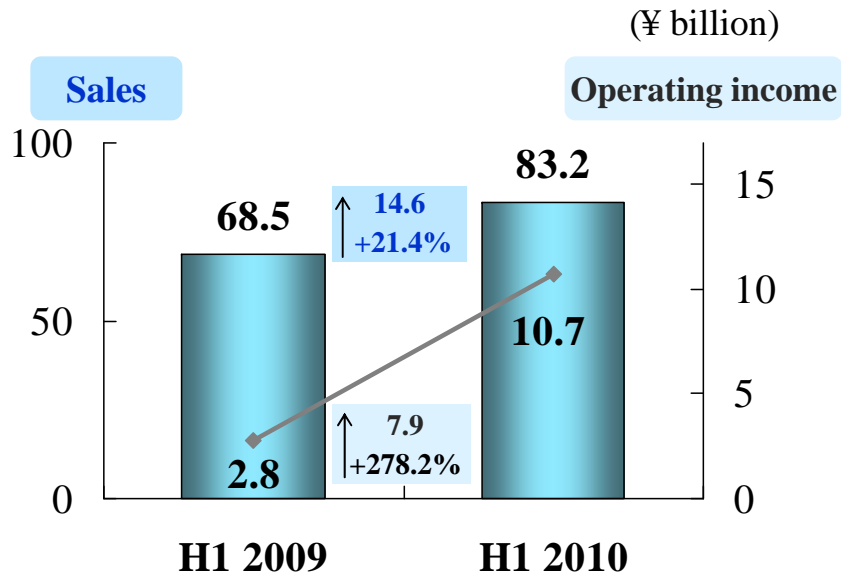
- April, development of a project to recycle school gym uniforms with Teijin Fibers Ltd.
- July, launch of Pulshut™—a thin, lightweight noise suppression sheet for electronics products—made with Precisé™, a specialty nonwoven fabric.

Sales increases/decreases

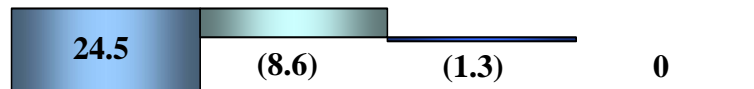


Operating income increases/decreases





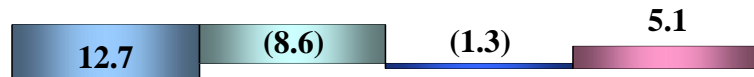
Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Operating costs and others

Review of operations

Electronic devices:

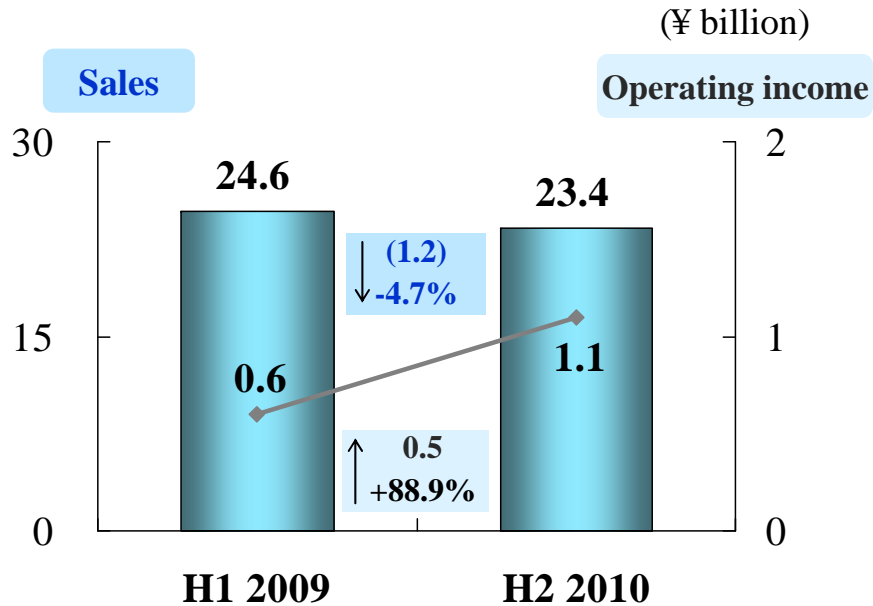
Increased shipments of LSIs for cell phones and smartphones. Sales and operating income increase.

Electronic materials:

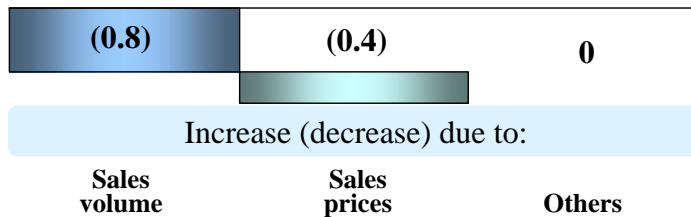
Increased shipments of Hipore™ Li-ion battery separator. Increased shipments of Sunfort™ dry film photoresist and Pimel™ photosensitive polyimide precursor with a recovery of overseas market conditions for semiconductors and electronic hardware. Sales and operating income increase.

Highlights

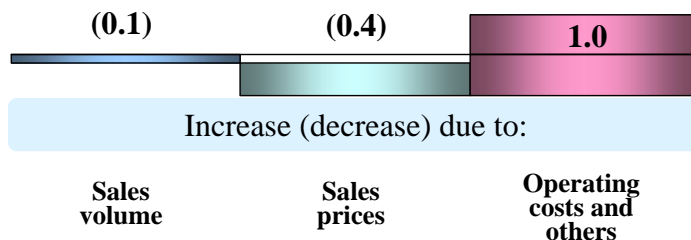
- April, completion of new plant for Hipore™ in Hyuga.
- April, launch of new 3-axis electronic compass for portable appliances; size reduced to less than half that of previous equivalent product.
- October, acquisition of all shares of Asahi Kasei Toko Power Devices, making it a wholly owned subsidiary ahead of schedule.



Sales increases/decreases



Operating income increases/decreases



Review of operations

Decreased shipments of Hebel™ autoclaved aerated concrete (AAC) panels for non-housing applications due to a downturn in new construction starts. Increased shipments of Eazet™ and ATT Column™ small-scale piles with development of demand in applications other than homes and buildings. Increased shipments of Neoma™ high-performance foam insulation panels with effect of government policies for energy conservation. Significant operating cost reductions. Sales decrease, but operating income increase.

Highlights

- October, launch of Jupii™ floor insulation panels for wood-frame houses.

Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2009	FY 2010 forecast		FY 2009	FY 2010 forecast		FY 2009	FY 2010 forecast	
		H1			H1			H1	
Chemicals	27.6	10.8	28.0	32.4	15.4		14.0	7.6	
Homes	6.0	2.6	5.5	4.3	2.0		2.1	1.0	
Health Care	9.2	3.9	9.0	12.2	5.6		18.4	8.1	
Fibers	4.6	1.5	5.0	7.7	3.4		3.8	1.6	
Electronics	22.8	11.1	21.0	23.6	11.2		18.4	9.0	
Construction Materials	1.2	0.9	1.5	3.3	1.4		1.1	0.6	
Others*	0.9	0.6	1.0	0.8	0.4		0.2	0.1	
Corporate assets and eliminations	11.7	0.7	4.0	3.0	1.5		4.8	2.7	
Total	84.0	32.2	75.0	87.3	40.9	90.0	62.9	30.7	65.0

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

11.3[†] 1.4 5.0

* Others category replaces the former Services, Engineering and Others segment.

[†] Notably for investment in a joint venture constructing acrylonitrile and methyl methacrylate plants in Thailand.

Completed in H1 2010

- Hipore™ Li-ion battery separator – new 20 million m²/y plant in Hyuga, Apr. 2010.*
- Planova™ virus removal filters – new 40,000 m²/y assembly plant in Oita, May 2010.
- New plant for therapeutic apheresis devices in Oita, Sep. 2010.
- LSIs – plant expansions in Nobeoka.

Under construction at end of Sep. 2010

- Hipore™ Li-ion battery separator – 20 million m²/y capacity increase in Hyuga, Apr. 2011.*
- New power generation facility using wood biomass fuel in Nobeoka, Jul. 2012.*
- LSIs – plant expansions in Nobeoka.

* Investment of ¥3 billion or more.

Homes (i)

Sales and order trends

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

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes	Other sales*	Unconsolidated	Consolidated subsidiaries	Consolidated	Order backlog
FY 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	H1	154.6 (-1.6%)	115.8 (-10.5%)	5.2 (-12.6%)	0.8	121.9 (-10.4%)	35.8 (+4.4%)	157.7 (-7.4%)	321.3
	H2	152.3 (+13.7%)	166.5 (-6.4%)	26.9 (+12.4%)	1.1	194.5 (-4.1%)	37.5 (+1.7%)	232.0 (-3.2%)	307.1
	annual	306.9 (+5.4%)	282.3 (-8.1%)	32.1 (+7.4%)	1.9	316.4 (-6.6%)	73.4 (+3.0%)	389.7 (-4.9%)	
FY 10	H1	181.7 (+17.6%)	125.5 (+8.3%)	9.4 (+79.8%)	1.1	136.0 (+11.6%)	37.5 (+4.8%)	173.5 (+10.0%)	363.4
	H2 forecast	162.2 (+6.5%)	177.5 (+6.6%)	20.6 (-23.5%)	1.4	199.5 (+2.6%)	40.0 (+6.4%)	239.5 (+3.2%)	348.1
	annual	344.0 (+12.1%)	303.0 (+7.3%)	30.0 (-6.7%)	2.5	335.5 (+6.0%)	77.5 (+5.6%)	413.0 (+6.0%)	

* Including commissions on property insurance.

Homes (ii)

Breakdown of H1 2010 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	79.9	+5.7%	2,574	+0.0%	101.9	+5.2%	3,416	+11.0%
	3+ story	30.3	+6.5%	1,079	+5.6%	51.2	+56.0%	2,009	+47.7%
	Total	110.2	+5.9%	3,653	+1.6%	153.1	+18.1%	5,425	+22.3%
Multi-dwelling homes	1-2 story	4.9	+14.6%	430	+6.4%	9.7	+21.2%	855	+14.2%
	3+ story	10.4	+38.3%	926	+35.0%	18.9	+12.1%	1,647	+10.2%
	Total	15.3	+29.7%	1,356	+24.4%	28.6	+15.0%	2,502	+11.5%
Order-built homes total		125.5	+8.3%	5,009	+6.9%	181.7	+17.6%	7,927	+18.7%
Pre-built homes (including condominiums)		9.4	+79.8%	155	+150.0%	–	–	–	–
Other sales*		1.1	+34.4%	–	–	–	–	–	–
Total		136.0	+11.6%	5,164	+8.7%	181.7	+17.6%	7,927	+18.7%
Consolidated subsidiaries		37.5	+4.8%	–	–	–	–	–	–
Consolidated		173.5	+10.0%	5,164	+8.7%	181.7	+17.6%	7,927	+18.7%

* Including commissions on property insurance.

Homes (iii)

Breakdown of sales and order forecast for FY 2010

(% 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	177.5	+1.4%	5,845	-1.0%	193.7	+5.8%	6,430	+7.3%
	3+ story	76.5	+13.7%	2,930	+19.8%	93.2	+26.9%	3,690	+24.8%
	Total	254.0	+4.8%	8,775	+5.1%	286.9	+11.9%	10,120	+13.1%
Multi-dwelling homes	1-2 story	15.5	+21.6%	1,425	+17.7%	17.5	+16.9%	1,590	+12.5%
	3+ story	33.5	+23.1%	2,980	+23.7%	39.5	+11.7%	3,480	+11.5%
	Total	49.0	+22.7%	4,405	+21.7%	57.0	+13.2%	5,070	+11.8%
Order-built homes total		303.0	+7.3%	13,180	+10.1%	344.0	+12.1%	15,190	+12.7%
Pre-built homes (including condominiums)		30.0	-6.7%	400	-22.6%	-	-	-	-
Other sales*		2.5	+31.4%	-	-	-	-	-	-
Total		335.5	+6.0%	13,580	+8.7%	344.0	+12.1%	15,190	+12.7%
Consolidated subsidiaries		77.5	+5.6%	-	-	-	-	-	-
Consolidated		413.0	+6.0%	13,580	+8.7%	344.0	+12.1%	15,190	+12.7%

* Including commissions on property insurance.

Performance of main subsidiaries

(¥ billion)

	H1 2009		H1 2010	
	Sales	Operating income	Sales	Operating income
Asahi Kasei Reform	16.2	1.8	16.7	1.6
Asahi Kasei Real Estate	18.4	0.6	19.8	0.6

Asahi Kasei Reform (remodeling business)

H1: Increased orders for environmental products such as solar panels, and higher payroll cost due to expanded sales force. Sales increase, but operating income decrease.

H2 forecast: Orders increasing due to larger sales force, with increased orders offsetting rise in payroll cost.

FY10 forecast: Increased sales and operating income.

Asahi Kasei Real Estate

H1: Growth in number of home rental units with increased deliveries of Hebel Maison™ apartment buildings. Increased sales and unchanged operating income.

H2 forecast: Maintaining growth in home rental units.

FY10 forecast: Increased sales and operating income.

Sales of Health Care segment

(¥ billion)

		FY 2009		FY 2010	
		H1		H1	forecast
	Pharmaceuticals	26.7	53.4	26.9	55.1
	Others	4.0	7.4	3.6	5.6
Asahi Kasei Pharma consolidated		30.7	60.8	30.5	60.7
Devices*		25.6	52.4	27.3	56.3
Total		56.3	113.2	57.8	117.0

* Asahi Kasei Kuraray Medical, Asahi Kasei Medical and their affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2009		FY 2010	
	H1		H1	forecast
Elcitonin™	7.3	14.0	6.9	13.3
Flivas™	6.8	13.7	6.8	13.6
Bredinin™	3.3	6.5	3.3	6.3
Toledomin™	2.1	3.9	1.5	2.9
Eril™	0.7	1.4	0.7	1.4
Recomodulin™	0.5	1.2	1.6	5.0

Main pharmaceutical products

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection	—
Flivas™	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet	—
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet	—
Toledomin™	Milnacipran hydrochloride	SNRI	Depression	Tablet	—
Eril™	Fasudil	Rho-kinase inhibitor	Cerebral vasospasm after subarachnoid hemorrhage surgery	Injection	—
Recomodulin™	Recombinant thrombomodulin alpha	Blood coagulation	Disseminated intravascular coagulation	Injection	—
Famvir™ Distributed by Maruho	Famciclovir	Antiviral	Shingles (zoster)	Tablet	Novartis Pharma AG

Pharmaceutical pipeline

Development stage	Product	Objective	Class	Indication
Pending approval	MN-10-T (Injection)	New biologic	Synthetic human parathyroid hormone (PTH)	Osteoporosis
Phase III	AK-120 (Oral)	Additional indication	Famciclovir antiviral	Herpes simplex
Phase II	AT-877 (Oral)	Additional indication, new dosage form	Rho-kinase inhibitor	Pulmonary hypertension
	AK150 (Injection)	New chemical entity	Pentosan polysulfate	Osteoarthritis

– 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.