

Fiscal 2010 Financial Results

– supplementary financial summary –

May 11, 2011

Asahi Kasei Corporation

Consolidated results for FY 2010

Summary of financial results	4–5
Statements of income	6
Financing activity	7
Extraordinary income and loss	8
Sales and operating income by segment	9–12
Balance sheets	13
Cash flows and primary investments	14

Forecast for FY 2011

Consolidated operating performance	16
Forecast by segment	17–19
Appendix	
Quarterly performance by segment	21–22
Primary investments by segment	23
Major investments	24
Overview of results by segment	25–37
Statements of comprehensive income	38

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.

Consolidated Results for Fiscal Year 2010

Summary of financial results (i)

Asahi**KASEI**

(¥ billion)

	FY 2009	FY 2010		FY 2010 vs FY 2009		Actual vs forecast	
		Actual	Forecast in Feb	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,433.6	1,598.4	1,603.0	164.8	+11.5%	(4.6)	-0.3%
Operating income	57.6	122.9	120.0	65.3	+113.3%	2.9	+2.4%
Ordinary income	56.4	118.2	114.0	61.9	+109.7%	4.2	+3.7%
Net income	25.3	60.3	57.0	35.0	+138.4%	3.3	+5.8%

At closing	FY 2009	FY 2010	Increase (decrease)
Total assets	1,368.9	1,425.9	57.0
Equity	633.3	663.6	30.2
Interest-bearing debt	264.6	253.9	(10.7)
Debt/equity ratio	0.42	0.38	(0.04)

Summary of financial results (ii)

	FY 2009	FY 2010
Net income per share (EPS)	¥18.08	¥43.11
Dividends per share	¥10	¥11
Payout ratio	55.3%	25.5%
Net income per total assets (ROA)	1.8%	4.3%
Net income per shareholders' equity (ROE)	4.1%	9.3%
Shareholders' equity per share (BPS)	¥452.91	¥474.59

Scope of consolidation

Number of consolidated subsidiaries	98	101
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	49	49

Key operating factors

Naphtha price (¥/kL, domestic)	41,175	47,450
¥/US\$ exchange rate (market average)	93	86

Employees at year end	25,085	25,016
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Statements of income

Asahi**KASEI**

(¥ billion)

	FY 2009		FY 2010		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,433.6	100.0%	1,598.4	100.0%	164.8	+11.5%
Cost of sales	1,100.7	76.8%	1,193.6	74.7%	93.0	+8.4%
Gross profit	332.9	23.2%	404.7	25.3%	71.8	+21.6%
Selling, general and administrative expenses	275.3	19.2%	281.8	17.6%	6.5	+2.4%
Operating income	57.6	4.0%	122.9	7.7%	65.3	+113.3%
Non-operating income (expenses)	(1.3)		(4.7)		(3.5)	
of which,						
financing income and expense	(0.4)		0.0		0.4	
equity in earnings of affiliates	1.2		2.2		1.1	
foreign exchange losses	(0.7)		(3.9)		(3.2)	
litigation expenses	-		(1.9)		(1.9)	
Ordinary income	56.4	3.9%	118.2	7.4%	61.9	+109.7%
Extraordinary income (loss)	(10.3)		(19.9)		(9.6)	
Income before income taxes	46.1	3.2%	98.3	6.2%	52.3	+113.5%
Income taxes	(20.5)		(36.7)		(16.2)	
Minority interest in income (loss)	(0.3)		(1.4)		(1.1)	
Net income	25.3	1.8%	60.3	3.8%	35.0	+138.4%

Financing activity

Net financing expenses

(¥ billion)

	FY 2009	FY 2010	Increase (decrease)
Interest expenses	(3.7)	(3.3)	0.4
Interest income	1.1	1.1	0.0
Dividends income	2.3	2.3	(0.0)
Others	(0.1)	(0.1)	0.0
Total	(0.4)	0.0	0.4

Interest-bearing debt

(¥ billion)

	FY 2009	FY 2010	Increase (decrease)
At closing			
Short-term loans payable	94.0	108.9	14.9
Commercial paper	19.0	23.0	4.0
Long-term loans payable	121.9	91.7	(30.2)
Bonds payable	25.0	25.0	–
Lease obligations	4.7	5.3	0.6
Total	264.6	253.9	(10.7)

Extraordinary income and loss

AsahiKASEI

(¥ billion)

	FY 2009	FY 2010	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.1	0.4	0.3
Gain on sales of property, plant and equipment	0.2	0.5	0.3
Reversal of allowance for doubtful accounts	—	0.1	0.1
Gain on change in equity	0.2	—	(0.2)
Gain on transfer of business	—	0.7	0.7
Gain on arbitration award*	6.5	—	(6.5)
Total extraordinary income	6.9	1.7	(5.2)
Extraordinary loss			
Loss on sales of investment securities	—	0.4	0.4
Loss on valuation of investment securities	1.9	0.7	(1.3)
Loss on disposal of noncurrent assets	2.9	4.9	1.9
Impairment loss	0.8	2.4	1.6
Environmental expenses	1.5	1.2	(0.3)
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	1.2	1.2
Loss on disaster	—	0.8	0.8
Business structure improvement expenses	10.0	10.0 [†]	(0.0)
Total extraordinary loss	17.2	21.6	4.3
Net extraordinary income (loss)	(10.3)	(19.9)	(9.6)

* Gain as a result of arbitration with CoTherix, Inc. of the US.

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

FY 2010 vs FY 2009 sales and operating income by segment

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(¥ billion)

	Sales			Operating income			FY 10 forecast in Feb	
	FY 2009	FY 2010	Increase (decrease)	FY 2009	FY 2010	Increase (decrease)	Sales	Operating income
Chemicals	622.1	742.2	120.1	26.1	64.4	38.3	743.0	63.5
Homes	389.7	409.2	19.5	25.3	36.5	11.1	413.0	33.0
Health Care	113.2	116.4	3.2	4.0	7.0	3.0	115.0	7.5
Fibers	101.2	108.8	7.6	(2.8)	4.2	7.0	108.0	4.0
Electronics	142.7	158.3	15.6	7.2	14.3	7.0	160.0	15.0
Construction Materials	47.0	47.4	0.4	1.2	2.1	0.9	49.0	2.5
Others*	17.6	16.0	(1.6)	1.8	1.7	(0.1)	15.0	1.5
Corporate Expenses and Eliminations	—	—	—	(5.3)	(7.2)	(1.9)	—	(7.0)
Consolidated	1,433.6	1,598.4	164.8	57.6	122.9	65.3	1,603.0	120.0

* 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

AsahiKASEI

(¥ billion)

	FY 2009			FY 2010			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	622.1	243.7	39.2%	742.2	304.5	41.0%	60.8	+24.9%
Homes	389.7	—	—	409.2	—	—	—	—
Health Care	113.2	25.2	22.3%	116.4	26.6	22.9%	1.4	+5.5%
Fibers	101.2	33.1	32.7%	108.8	37.4	34.4%	4.3	+12.9%
Electronics	142.7	66.4	46.5%	158.3	79.6	50.3%	13.2	+19.8%
Construction Materials	47.0	—	—	47.4	—	—	—	—
Others*	17.6	1.9	10.9%	16.0	1.2	7.5%	(0.7)	-37.3%
Total	1,433.6	370.4	25.8%	1,598.4	449.3	28.1%	78.9	+21.3%
Sales to East Asia†		237.3	16.6%		294.9	18.5%	57.7	+24.3%
of which, sales to China		134.3	9.4%		169.6	10.6%	35.4	+26.3%

Sales, excluding Homes
and Construction Materials

996.8 370.4 37.2% 1,141.7 449.3 39.4%

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

† China, Korea, and Taiwan.

Sales increases/decreases by segment

AsahiKASEI

(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	FY 2009	FY 2010	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	622.1	742.2	47.1	54.6	(12.7)	18.4	120.1
Homes	389.7	409.2	16.3	6.9	–	(3.7)	19.5
Health Care	113.2	116.4	5.8	(6.0)	(2.1)	3.4	3.2
Fibers	101.2	108.8	11.0	(0.2)	(2.0)	(3.2)	7.6
Electronics	142.7	158.3	34.2	(18.6)	(2.8)	0.0	15.6
Construction Materials	47.0	47.4	1.5	(1.1)	–	0.0	0.4
Others*	17.6	16.0	(1.6)	0.0	0.0	0.0	(1.6)
Total	1,433.6	1,598.4	114.3	35.7	(19.6)	14.9	164.8

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

Operating income increases/decreases by segment

(¥ billion)

	Operating income		Increase (decrease) due to:				Net increase (decrease)
	FY 2009	FY 2010	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	26.1	64.4	8.7	54.6	(12.7)	(25.1)	38.3
Homes	25.3	36.5	4.2	6.9	–	0.0	11.1
Health Care	4.0	7.0	5.2	(6.0)	(2.1)	3.9	3.0
Fibers	(2.8)	4.2	3.3	(0.2)	(2.0)	3.9	7.0
Electronics	7.2	14.3	18.2	(18.6)	(2.8)	7.4	7.0
Construction Materials	1.2	2.1	0.6	(1.1)	–	1.3	0.9
Others*	1.8	1.7	0.1	0.0	0.0	(0.2)	(0.1)
Corporate Expenses and Eliminations	(5.3)	(7.2)	–	–	–	(1.9)	(1.9)
Total	57.6	122.9	40.4	35.7	(19.6)	(10.7)	65.3

* 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).

Balance sheets

AsahiKASEI

(¥ billion)

	At end of Mar 2010	At end of Mar 2011	Increase (decrease)		At end of Mar 2010	At end of Mar 2011	Increase (decrease)
Current assets	660.4	755.7	95.2	Liabilities	724.2	750.3	26.1
Cash and deposits	93.9	140.3	46.4	Current liabilities	434.8	489.9	55.1
Notes and accounts receivable, trade	238.9	273.4	34.5	Noncurrent liabilities	289.4	260.4	(29.0)
Inventories	251.1	256.2	5.2	Net assets	644.7	675.6	30.9
Other current assets	76.5	85.7	9.2	Shareholders' equity	612.9	659.4	46.5
Noncurrent assets	708.5	670.2	(38.3)	Capital stock	103.4	103.4	—
Property, plant and equipment	447.5	418.4	(29.1)	Capital surplus	79.4	79.4	(0.0)
Intangible assets	34.7	31.1	(3.6)	Retained earnings	432.1	478.7	46.6
Investments and other assets	226.3	220.8	(5.6)	Treasury stock	(2.0)	(2.1)	(0.1)
				Accumulated other comprehensive income	20.5	4.2	(16.2)
				Minority interest	11.3	12.0	0.7
Total assets	1,368.9	1,425.9	57.0	Total liabilities and net assets	1,368.9	1,425.9	57.0

Cash flows and primary investments

Cash flows

(¥ billion)

	FY 2009	FY 2010
a. Net cash provided by (used in) operating activities	169.3	148.1
b. Net cash provided by (used in) investing activities	(100.2)	(78.8)
c. Free cash flows [a+b]	69.1	69.3
d. Net cash provided by (used in) financing activities	(75.1)	(26.1)
e. Effect of exchange rate changes on cash and cash equivalents	0.6	(2.7)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(5.3)	40.4
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]	93.1	134.4

Primary investments

(¥ billion)

	FY 2009	FY 2010
Capital expenditures (tangible)	77.9	60.1
Capital expenditures (intangible)	6.1	5.9
Total	84.0	66.0
Depreciation and amortization	87.3	85.2
R&D expenditures	62.9	62.3

Forecast for Fiscal Year 2011

Consolidated operating performance

Asahi**KASEI**

(¥ billion)

	FY 2009	FY 2010			FY 2011 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,433.6	764.8	833.6	1,598.4	827.0	897.0	1,724.0	125.6
Operating income	57.6	63.5	59.4	122.9	50.5	69.5	120.0	(2.9)
Ordinary income	56.4	59.6	58.6	118.2	50.5	72.0	122.5	4.3
Net income	25.3	28.5	31.8	60.3	28.5	40.5	69.0	8.7

Naphtha price (¥/kL, domestic)	41,175	46,200	48,700	47,450	60,000	60,000	60,000	12,550
¥/US\$ exchange rate (market average)	93	89	82	86	80	80	80	(6)

	FY 2009	FY 2010	FY 2011
Dividends per share	¥10	¥11	¥13 (planned)
Payout ratio	55.3%	25.5%	26.4%

Sales forecast by segment

(¥ billion)

	FY 2010			FY 2011 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	365.0	377.3	742.2	400.0	400.0	800.0	57.8
Homes	173.5	235.7	409.2	192.0	253.0	445.0	35.8
Health Care	57.8	58.6	116.4	61.0	63.0	124.0	7.6
Fibers	54.6	54.2	108.8	55.0	58.0	113.0	4.2
Electronics	83.2	75.2	158.3	83.0	86.0	169.0	10.7
Construction Materials	23.4	24.0	47.4	27.0	27.0	54.0	6.6
Others*	7.4	8.6	16.0	9.0	10.0	19.0	3.0
Consolidated	764.8	833.6	1,598.4	827.0	897.0	1,724.0	125.6

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

Operating income forecast by segment

AsahiKASEI

(¥ billion)

	FY 2010			FY 2011 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	37.3	27.0	64.4	27.0	27.5	54.5	(9.9)
Homes	10.1	26.4	36.5	13.0	29.0	42.0	5.5
Health Care	4.2	2.9	7.0	4.5	3.5	8.0	1.0
Fibers	2.3	1.9	4.2	1.5	2.5	4.0	(0.2)
Electronics	10.7	3.5	14.3	7.5	8.0	15.5	1.2
Construction Materials	1.1	1.0	2.1	1.5	2.0	3.5	1.4
Others*	0.8	0.9	1.7	1.0	1.0	2.0	0.3
Corporate Expenses and Eliminations	(3.0)	(4.2)	(7.2)	(5.5)	(4.0)	(9.5)	(2.3)
Consolidated	63.5	59.4	122.9	50.5	69.5	120.0	(2.9)

* 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 by segment

(¥ billion)

Segment		FY 10	FY 11 forecast	Outlook
Chemicals	Sales	742.2	800.0	Steady performance in chemicals and derivative products in Asia. High market prices. Deterioration of terms of trade due to higher feedstock costs. Sales increase, but operating income decrease in Chemicals overall.
	Operating income	64.4	54.5	
Homes	Sales	409.2	445.0	Increased deliveries of order-built homes with rise in orders. Sales and operating income increase.
	Operating income	36.5	42.0	
Health Care	Sales	116.4	124.0	Pharmaceuticals: Higher R&D expenditures. Higher SG&A with increase in medical representatives. Increased sales volume of Recomedulin™ recombinant thrombomodulin and other products. Devices: Increased shipments of APS™ artificial kidneys and Planova™ virus removal filters. Sales and operating income increase in Health Care overall.
	Operating income	7.0	8.0	
Fibers	Sales	108.8	113.0	Increased shipments of Roica™ elastic polyurethane, spunbond, and Leona™ nylon 66. Impact of higher feedstock prices. Sales increase, but slight decrease in operating income.
	Operating income	4.2	4.0	
Electronics	Sales	158.3	169.0	Electronic materials: Increased shipments. Increased depreciation due to capacity expansion. Impact of higher feedstock prices. Electronic devices: Impact of strong yen. Increased shipments of LSIs for smartphones and other portable devices. Sales and operating income increase in Electronics overall.
	Operating income	14.3	15.5	
Construction Materials	Sales	47.4	54.0	Cost reduction in housing and building materials. Increased shipments in foundation systems and insulation materials. Sales and operating income increase.
	Operating income	2.1	3.5	

Appendix

Quarterly sales by segment

Asahi**KASEI**

(¥ billion)

	FY2009				FY2010				FY2011	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	132.9	160.3	159.0	169.8	178.4	186.6	189.9	187.4	400.0	400.0
Homes	58.5	99.2	96.0	136.0	64.5	109.0	90.5	145.2	192.0	253.0
Health Care	28.5	27.8	29.6	27.3	28.7	29.0	30.5	28.1	61.0	63.0
Fibers	22.4	26.3	25.9	26.6	26.5	28.1	27.1	27.1	55.0	58.0
Electronics	31.5	37.0	37.4	36.8	40.9	42.2	38.4	36.7	83.0	86.0
Construction Materials	11.6	13.0	12.4	10.1	11.0	12.4	13.7	10.3	27.0	27.0
Others*	3.9	5.7	3.8	4.3	3.5	3.9	3.7	4.9	9.0	10.0
Total	289.3	369.3	364.1	410.9	353.5	411.3	393.9	439.6	827.0	897.0

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

Quarterly operating income by segment **AsahiKASEI**

(¥ billion)

	FY2009				FY2010				FY2011	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	2.2	9.3	10.3	4.2	15.3	22.0	16.6	10.5	27.0	27.5
Homes	(3.0)	7.1	6.7	14.5	(0.9)	11.0	7.9	18.5	13.0	29.0
Health Care	3.1	0.3	2.9	(2.3)	3.3	0.8	3.5	(0.6)	4.5	3.5
Fibers	(1.5)	(1.4)	(0.0)	0.1	1.2	1.1	1.3	0.6	1.5	2.5
Electronics	(0.6)	3.4	2.6	1.8	5.2	5.5	3.2	0.4	7.5	8.0
Construction Materials	(0.0)	0.6	1.1	(0.5)	0.3	0.8	1.3	(0.3)	1.5	2.0
Others*	0.4	0.6	0.1	0.7	0.3	0.5	0.2	0.7	1.0	1.0
Corporate Expenses and Eliminations	(1.0)	(1.7)	(1.7)	(0.9)	(2.0)	(1.0)	(2.8)	(1.4)	(5.5)	(4.0)
Total	(0.3)	18.3	22.0	17.7	22.8	40.7	31.0	28.4	50.5	69.5

* 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).

Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2009	FY 2010	FY 2011 forecast	FY 2009	FY 2010	FY 2011 forecast	FY 2009	FY 2010	FY 2011 forecast
Chemicals	27.6	23.2	30.0	32.4	31.9		14.0	15.5	
Homes	6.0	6.3	8.0	4.3	4.3		2.1	2.0	
Health Care	9.2	7.4	14.0	12.2	11.4		18.4	16.5	
Fibers	4.6	3.7	4.5	7.7	7.0		3.8	3.2	
Electronics	22.8	20.3	16.0	23.6	23.9		18.4	18.4	
Construction Materials	1.2	1.7	4.5	3.3	2.8		1.1	1.1	
Others*	0.9	1.0	0.5	0.8	0.9		0.2	0.3	
Corporate Expenses, assets, and Eliminations	11.7	2.5	2.5	3.0	3.1		4.8	5.4	
Total	84.0	66.0	80.0	87.3	85.2	86.0	62.9	62.3	66.0

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

11.3 † 7.6 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 FY 2010

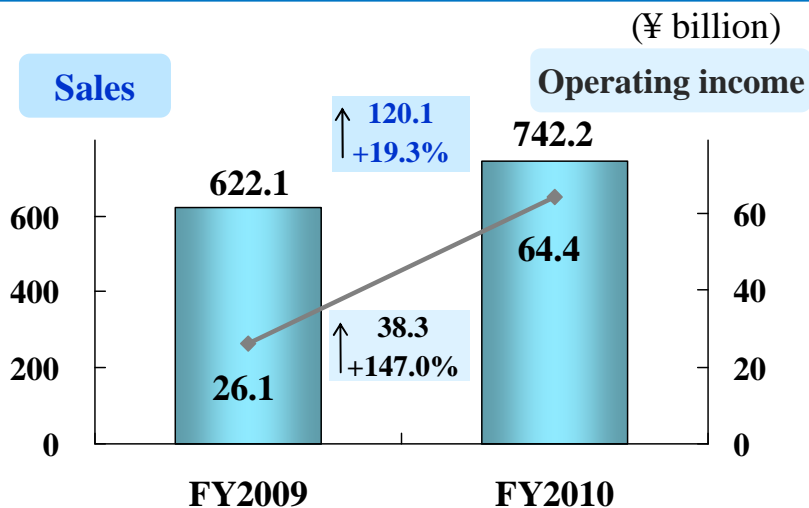
- Hipore™ Li-ion battery separator – new 20 million m²/y plant in Hyuga, Apr. 2010.*
- Planova™ virus removal filters – new 40,000 m²/y assembly plant in Oita, May 2010.
- New plant for therapeutic apheresis devices in Oita, Sep. 2010.
- Acquisition of exclusive rights from Auxilium Pharmaceuticals, Inc. to develop and market XIAFLEX† collagenase clostridium histolyticum in Japan, Mar. 2011.
- LSIs – plant expansions in Nobeoka.

* Investment of ¥3 billion or more.

† XIAFLEX is a registered trademark of Auxilium Pharmaceuticals, Inc.

Under construction at FY 2010 year-end

- Hipore™ Li-ion battery separator – 20 million m²/y capacity increase in Hyuga, Apr. 2011, and 15 million m²/y capacity increase in Hyuga, Jun. 2011.*
- New R&D facility for medical materials in Nobeoka, Jun. 2011.
- Leona™ polyamide 66 resin – plant modification for mass production of high-melting-point grades, Mar. 2012.
- New power generation facility using wood biomass fuel in Nobeoka, Jul. 2012.*



Review of operations

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

Volume products:

Chemicals and derivative products

High market prices for acrylonitrile (AN) and adipic acid buoyed by favorable demand in Asia. Sales and operating income increase.

Polymer products

Increased shipments with demand recovery in automotive and electronics applications. Sales and operating income increase.

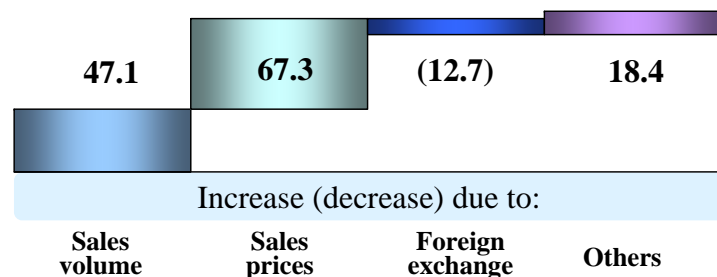
Specialty products:

Good performance in home-use products such as Saran Wrap™, in coating materials, and in functional additives. Sales and operating income increase.

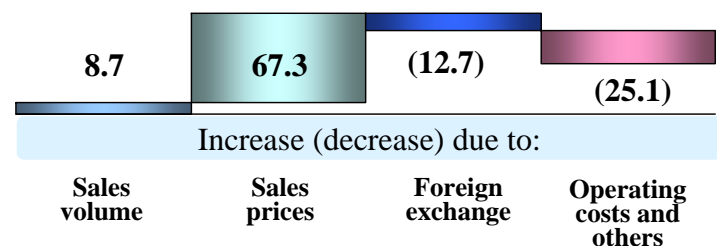
Highlights

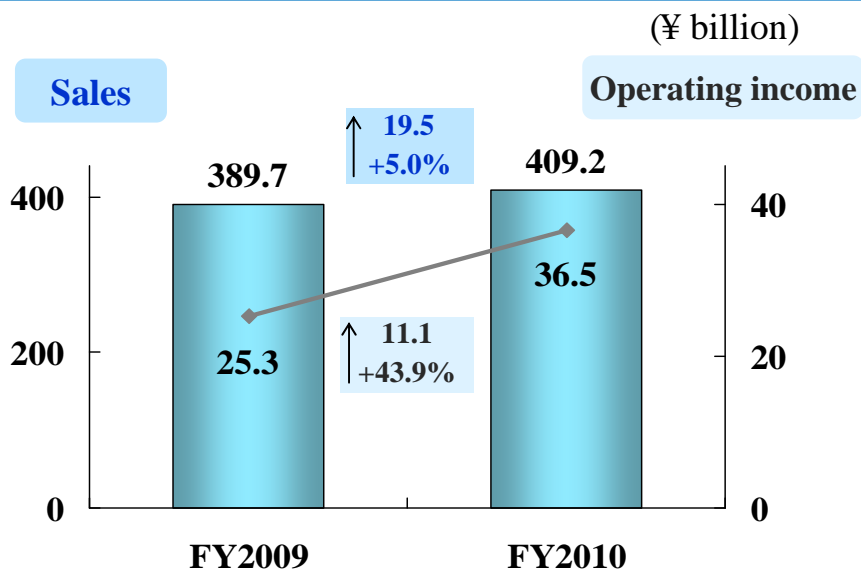
- June, Microza™ hollow-fiber membrane system selected for Asia's largest membrane-process water clarification plant, a drinking water plant in Hangzhou, China.
- August, decision to cease production of ammonia and benzene at the maintenance turnaround in March 2012.
- October, decision to construct solution SBR plant in Singapore.
- January, decision to expand capacity for acrylonitrile in Korea.
- February, decision to establish Nishi Nippon Ethylene LLP with Mitsubishi Chemical Holdings Corp. for unified naphtha cracker operations to start in Mizushima in April 2011.

Sales increases/decreases



Operating income increases/decreases





Results by product category*

(¥ billion)

	FY 2009		FY 2010		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes	282.3	/	302.1	/	19.8	/
Pre-built homes	32.1		27.8		(4.4)	
Others	1.9		2.5		0.7	
Total homes	316.4	19.2	332.4	30.3	16.1	11.1
Housing-related	73.4	6.2	76.8	6.2	3.4	0.0
Total	389.7	25.3	409.2	36.5	19.5	11.1

* Product category division unaudited, simplified calculation.

Review of operations

Order-built and pre-built homes:

- Increased deliveries of Hebel Haus™ unit homes and Hebel Maison™ apartment buildings reflecting a rise in orders. 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 15.5% from a year ago.

Housing-related operations:

In-house mortgage securitization business impacted by increase in proportion of customers utilizing “Flat 35” fixed-rate mortgage. Increased orders for remodeling. Increase in number of rental units in real estate operations. Sales increase and 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.
- December, capacity expansion for steel frames for Hebel Haus™ Frex at Asahi Kasei Jyuko.

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*	Non-consolidated	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	172.8 (+13.4%)	176.6 (+6.1%)	18.4 (-31.7%)	1.5	196.5 (+1.0%)	39.2 (+4.5%)	235.7 (+1.6%)	359.5
	annual	354.5 (+15.5%)	302.1 (+7.0%)	27.8 (-13.6%)	2.5	332.4 (+5.1%)	76.8 (+4.6%)	409.2 (+5.0%)	
FY 11 forecast		360.0 (+1.6%)	334.5 (+10.7%)	25.0 (-10.0%)	2.5	362.0 (+8.9%)	83.0 (+8.1%)	445.0 (+8.7%)	385.0

* Including commissions on property insurance.

Breakdown of FY 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	180.6	+3.1%	5,870	-0.6%	198.2	+8.3%	6,702	+11.8%
	3+ story	73.3	+9.0%	2,820	+15.3%	96.0	+30.8%	3,706	+25.4%
	Total	253.9	+4.8%	8,690	+4.0%	294.2	+14.7%	10,408	+16.3%
Multi-dwelling homes	1-2 story	15.6	+22.3%	1,421	+17.3%	21.0	+40.7%	1,829	+29.4%
	3+ story	32.6	+19.8%	2,887	+19.8%	39.2	+10.9%	3,358	+7.6%
	Total	48.2	+20.6%	4,308	+19.0%	60.3	+19.7%	5,187	+14.4%
Order-built homes total		302.1	+7.0%	12,998	+8.6%	354.5	+15.5%	15,595	+15.7%
Pre-built homes (including condominiums)		27.8	-13.6%	382	-26.1%	-	-	-	-
Other sales*		2.5	+34.5%	-	-	-	-	-	-
Total		332.4	+5.1%	13,380	+7.1%	354.5	+15.5%	15,595	+15.7%
Consolidated subsidiaries		76.8	+4.6%	-	-	-	-	-	-
Consolidated		409.2	+5.0%	13,380	+7.1%	354.5	+15.5%	15,595	+15.7%

* Including commissions on property insurance.

Breakdown of sales and orders forecast for FY 2011

(% 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	195.2	+8.1%	6,320	+7.7%	198.2	+0.0%	6,700	+0.0%
	3+ story	84.2	+14.9%	3,240	+14.9%	99.2	+3.3%	3,830	+3.4%
	Total	279.4	+10.0%	9,560	+10.0%	297.4	+1.1%	10,530	+1.2%
Multi-dwelling homes	1-2 story	18.1	+15.9%	1,540	+8.3%	22.5	+6.8%	1,960	+7.2%
	3+ story	37.0	+13.5%	3,160	+9.5%	40.1	+2.2%	3,390	+0.9%
	Total	55.1	+14.3%	4,700	+9.1%	62.6	+3.8%	5,350	+3.1%
Order-built homes total		334.5	+10.7%	14,260	+9.7%	360.0	+1.6%	15,880	+1.8%
Pre-built homes (including condominiums)		25.0	-10.0%	410	+7.3%	-	-	-	-
Other sales*		2.5	-1.9%	-	-	-	-	-	-
Total		362.0	+8.9%	14,670	+9.6%	360.0	+1.6%	15,880	+1.8%
Consolidated subsidiaries		83.0	+8.1%	-	-	-	-	-	-
Consolidated		445.0	+8.7%	14,670	+9.6%	360.0	+1.6%	15,880	+1.8%

* Including commissions on property insurance.

Performance of main subsidiaries

(¥ billion)

	FY 2009		FY 2010	
	Sales	Operating income	Sales	Operating income
Asahi Kasei Reform	33.1	3.6	34.5	3.7
Asahi Kasei Real Estate	38.0	1.4	40.4	1.5

Asahi Kasei Reform (remodeling business)**FY 2010**

Increased orders for work such as solar panel installation with expansion of sales force and effect of government policy. Sales and operating income increase.

FY 2011 forecast

Higher payroll cost. Increased orders for installation work. Sales and operating income increase.

Asahi Kasei Real Estate**FY 2010**

Growth in number of home rental units. Higher working efficiency. Sales and operating income increase.

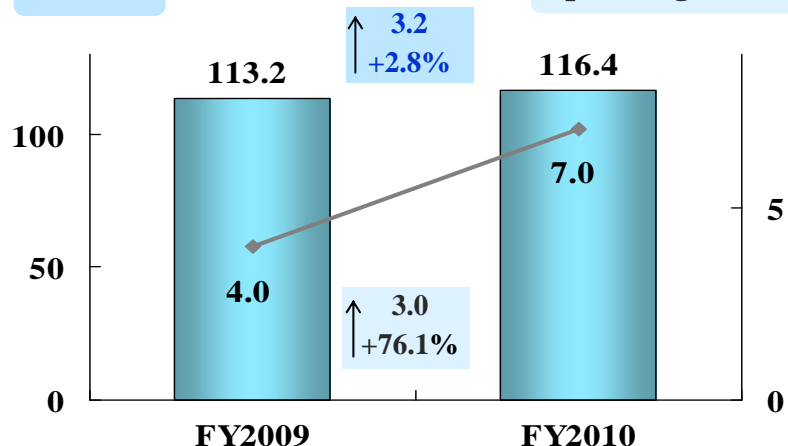
FY 2011 forecast

Increase in number of home rental units. Higher payroll cost due to increased headcount. Sales increase and unchanged operating income.

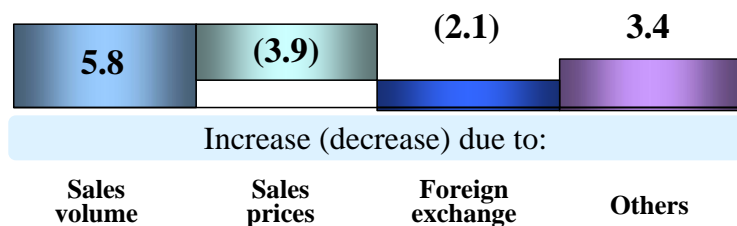
(¥ billion)

Sales

Operating income

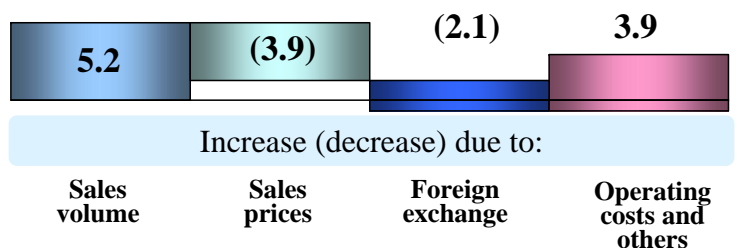


Sales increases/decreases



Increase (decrease) due to:

Operating income increases/decreases



Increase (decrease) due to:

Review of operations

Pharmaceuticals: Good performance in Recomodulin™ recombinant thrombomodulin. Increased shipments of Flivas™ therapy for benign prostatic hyperplasia but negative impact of NHI price reduction on product prices. Sales and operating income increase.

Devices: Impact of strong yen on performance of each product. Increased shipments of APS™ polysulfone-membrane artificial kidneys and therapeutic apheresis devices. Sales and operating income increase.

Highlights

- April, announcement of preliminary results of Phase III clinical study of AT-877 for acute cerebral infarction—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, completion of new plant for therapeutic apheresis devices.
- October, acquisition of all shares of Med-tech Inc., making it a wholly owned subsidiary.
- October, application for approval to manufacture and sell MN-10-T (Teribone™ teriparatide acetate) as an osteoporosis drug in Japan.
- December, transfer of sales and R&D operations for contact lenses and related products to CooperVision, Inc.
- March, acquisition of exclusive rights from Auxilium Pharmaceuticals, Inc. to develop and market XIAFLEX* collagenase clostridium histolyticum in Japan.

* XIAFLEX is a registered trademark of Auxilium Pharmaceuticals, Inc.

Sales of Health Care segment

(¥ billion)

		FY 2009			FY 2010		
		H1	H2	Total	H1	H2	Total
Asahi Kasei Pharma consolidated	Pharmaceuticals	26.7	26.7	53.4	26.9	28.6	55.4
	Others	4.0	3.4	7.4	3.6	2.2	5.8
		30.7	30.1	60.8	30.5	30.8	61.2
	Devices*	25.6	26.8	52.4	27.3	27.9	55.1
Total		56.3	56.9	113.2	57.8	58.6	116.4

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

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2009			FY 2010		
	H1	H2	Total	H1	H2	Total
Flivas™	6.8	6.9	13.7	6.8	7.1	13.9
Elcitonin™	7.3	6.7	14.0	6.9	6.5	13.4
Bredinin™	3.3	3.2	6.5	3.3	3.2	6.5
Recomodulin™	0.5	0.8	1.2	1.6	2.6	4.2
Toledomin™	2.6	2.3	5.0	1.9	1.6	3.5
Eril™	0.7	0.7	1.4	0.7	0.8	1.5

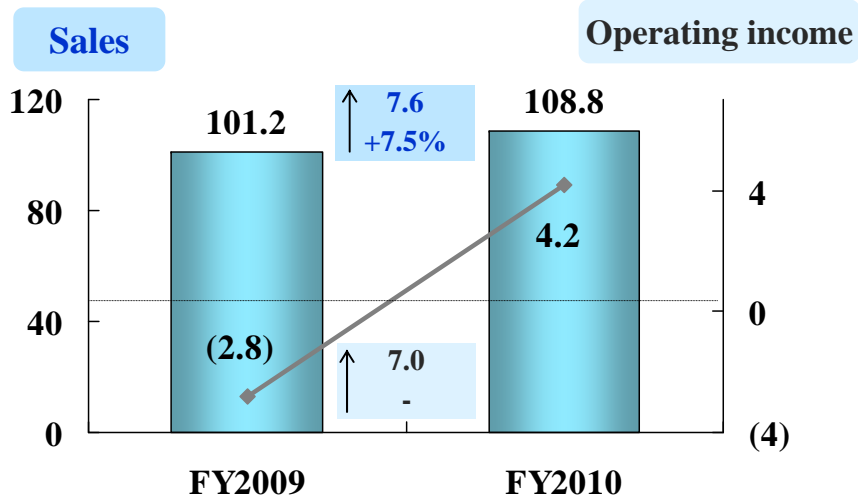
Overview of main products

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

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Classifications	Indication	Remarks
Pending approval	MN-10-T, injection, teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis	New chemical entity
Phase III	AK-120, oral, famciclovir	Antiviral	Herpes simplex	Additional indication
Phase II	AT-877, oral, fasudil hydrochloride hydrate	Rho-kinase inhibitor	Pulmonary arterial hypertension	Additional indication, new dosage form
	AK150, injection, pentosan polysulfate sodium	Anti-osteoarthritic	Osteoarthritis	New chemical entity
Phase II (overseas)	ART-123, injection, recombinant thrombomodulin alpha	Recombinant human thrombomodulin	Sepsis with disseminated intravascular coagulation	New biologic
	AK106	Anti-inflammatory	Rheumatoid arthritis	New chemical entity

(¥ billion)

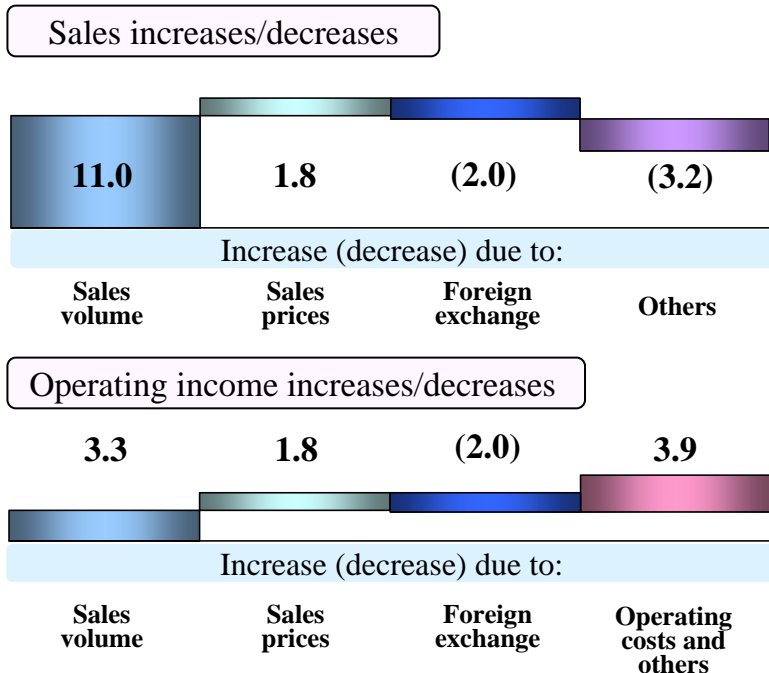


Review of operations

Impact of strong yen and high feedstock costs. Substantially increased shipments of Bemberg™ regenerated cellulose in non-lining applications such as outerwear and innerwear. Favorable performance of functional yarns of Roica™ elastic polyurethane, nonwovens in disposable diaper applications, and Leona™ nylon 66 filament in automotive applications. Sales and operating income increase.

Highlights

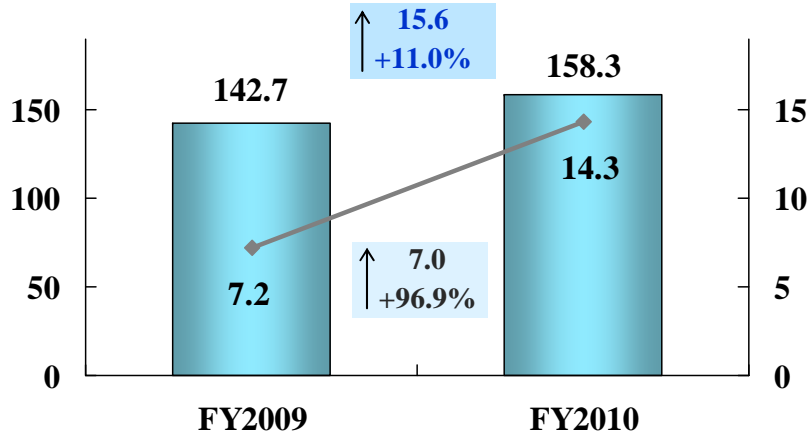
- April, development of a project to recycle school gym uniforms with Teijin Fibers Ltd.
- July, launch of Pulshut™—a thin, lightweight noise suppression sheet for electronics products—made with Precisé™, a specialty nonwoven fabric.
- March, decision to establish a subsidiary in Thailand for the manufacture and sales of spunbond nonwovens and construct new plant.
- March, award ceremony for the *Asahi Kasei Award for Fashion Design Creativity in China* together with a fashion show.



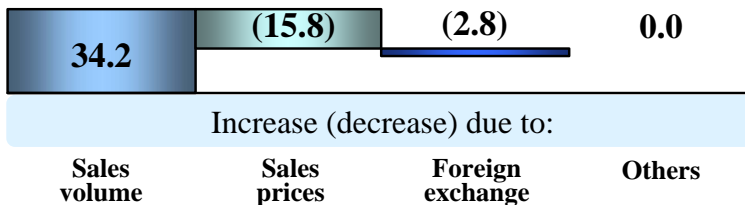
(¥ billion)

Sales

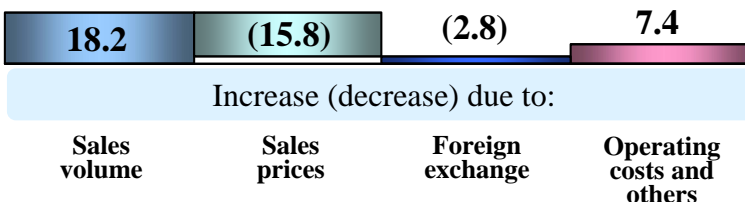
Operating income



Sales increases/decreases



Operating income increases/decreases



Review of operations

Impact of lower prices in electronic materials. Firm performance in electronic devices. Sales and operating income increase.

Electronic devices:

Sharp impact of the strong yen. Increased shipments of LSIs for smartphones and other portable devices, particularly overseas. Sales and operating income increase.

Electronic materials:

Increased shipments of Hipore™ Li-ion rechargeable battery separator. Decline in product prices. High feedstock prices. Increased depreciation. Sales increase, but slight decrease in operating income.

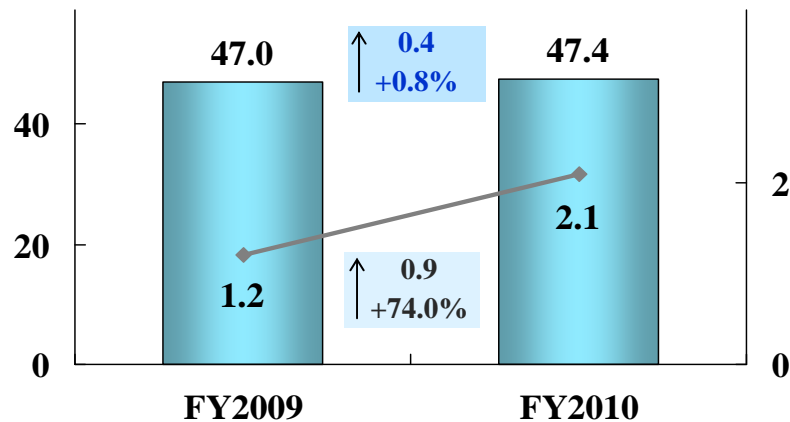
Highlights

- April, completion of new plant for Hipore™ in Hyuga.
March, decision to expand capacity 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.
- October, launch of photomask pellicles compatible with ArF exposure and capacity expansion for semiconductor pellicles.

(¥ billion)

Review of operations

Sales



Operating income

Housing and building materials:

Effect of cost reductions. Fewer shipments of Hebel™ autoclaved aerated concrete (AAC) panels. Sales and operating income decrease.

Foundation systems:

Increased shipments of Eazet™ and ATT Column™ small-scale piles in new applications. Sales and operating income increase.

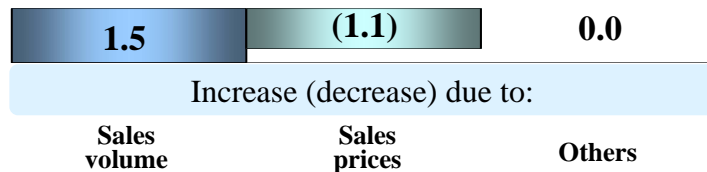
Insulation materials:

Substantially increased shipments of Neoma™ phenolic foam insulation panels, supported by government policy such as eco-point program for energy conservation. Sales and operating income increase.

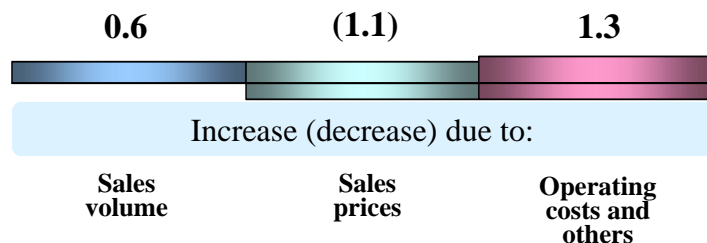
Structural systems and components:

Increased shipments of BasePack™ earthquake-resistant column base attachment system. Sales and operating income increase.

Sales increases/decreases



Operating income increases/decreases



Highlights

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

Statements of comprehensive income

Asahi**KASEI**

(¥ billion)			
	FY 2009	FY 2010	increase (decrease)
a: Income before minority interests	25.6	61.7	36.1
Valuation difference on available-for-sale securities	13.3	(7.1)	(20.4)
Deferred gains or losses on hedges	0.1	(0.0)	(0.1)
Foreign currency translation adjustment	2.0	(7.1)	(9.2)
Share of other comprehensive income of associates accounted for using equity method	0.5	(2.4)	(2.8)
b: Other comprehensive income	15.9	(16.6)	(32.5)
Comprehensive income[a+b]	41.5	45.1	3.6

(Comprehensive income attributable to)

Comprehensive income attributable to owners of the parent	41.0	44.0	3.0
Comprehensive income attributable to minority interests	0.5	1.0	0.6