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Consolidated Results for 1st Quarter Fiscal 2009: April 1, 2009 – June 30, 2009

(Unaudited; 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)

	Q1 2009	Q1 2008
Net sales	289,344 [−25.0%]	385,992
Operating income (loss)	(338) [—]	19,401
Ordinary income (loss)	(1,750) [—]	21,249
Net income (loss)	(1,746) [—]	13,465
Net income (loss) per share*	(1.25)	9.63
Diluted net income (loss) per share*	—	—

* Yen

2. Financial position

At end of	June 2009	March 2009
Total assets	1,399,747	1,379,337
Net assets	618,108	611,351
Net worth/total assets	43.6%	43.8%
Net worth per share*	436.56	431.77

* Yen

Notes:
- Net worth consists of shareholders' equity and valuation and translation adjustments.
- Net worth as of June 30, 2009, was ¥610,525 million; as of March 31, 2009, ¥603,846 million.

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2008	—	7.00	—	3.00	10.00
2009	—				
2009 (forecast)		5.00	—	5.00	10.00

* Yen

Note: No revision of cash dividend forecast during the period.

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

1. Latest forecasts (percent change from results in year-ago period in brackets)

	First half	Full year
Net sales	651,000 [−22.8%]	1,355,000 [−12.8%]
Operating income	5,000 [−87.5%]	41,000 [+17.3%]
Ordinary income	3,500 [−91.4%]	39,000 [+20.0%]
Net income	0 [−100.0%]	15,000 [+216.1%]
Net income per share*	0.00	10.73

* Yen

2. Comparison of previous and revised H1 2008 forecasts

(billions of yen)

	Previous H1 2009 forecast	Revised H1 2009 forecast	Increase (decrease)	*cf.* H1 2008 results
Net sales	619.0	651.0	32.0	843.2
Operating income	5.0	5.0	—	40.1
Ordinary income	4.0	3.5	(0.5)	40.7
Net income	0.0	0.0	—	23.4

3. Annual forecast

(billions of yen)

	FY 2009 forecast	*cf.* FY 2008 results
Net sales	1,355.0	1,553.1
Operating income	41.0	35.0
Ordinary income	39.0	32.5
Net income	15.0	4.7

Notes:
- 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.
- The forecast for the first half of fiscal 2009 announced on May 12, 2009, has been revised.
- A revision of the forecast for the full year will be made when first half results are announced.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the fiscal quarter ended June 30, 2009: None.

2. Adoption of simplified accounting methods and special accounting methods for preparation of quarterly consolidated financial statements.

    1) Simplified accounting methods

    Method of calculating allowance for doubtful accounts: Because the rate of unrecoverable receivables as of June 30, 2009, was not significantly different than that estimated at the end of the previous fiscal year, the rate of unrecoverable receivables as of the end of the previous fiscal year was used as a basis for estimating allowance for doubtful accounts.

Valuation of inventories: No physical inventory as of June 30, 2009, was performed. Rather, the value of inventories is calculated using a reasonable method based on the physical inventory performed at the end of the previous fiscal year. The carrying amount of inventories is reduced to the estimated net sale price only where a decrease in profitability is apparent.

Method of calculating depreciation of noncurrent assets: For assets depreciated using the declining-balance method, depreciation expenses for the fiscal year are calculated in proportion to the fiscal period.

Method of calculating deferred tax assets and liabilities: When there is no significant change in the operating environment or in the occurrence of temporary differences after the end of the previous fiscal year, collectibility of deferred tax assets is calculated based on the performance forecasts and tax planning used in the previous fiscal year. However, when there is significant change in the operating environment or in the occurrence of temporary differences after the end of the previous fiscal year, collectibility of deferred tax assets is calculated based on the performance forecasts and tax planning used in the previous fiscal year together with the effect of such significant change.

2) Special accounting methods for presentation of quarterly consolidated financial statements.

Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate. The amount shown as "income taxes" includes both "income taxes – current" and "income taxes – deferred."

3. Changes in accounting principles/procedures, changes in methods of presentation in preparation of quarterly consolidated financial statements.

1) Change in standards for recording amount of completed work and cost of completed work.

Accounting Standard for Construction Contracts (ASBJ Statement No. 15) and Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18) are applied beginning with the quarter ended June 30, 2009. For construction contracts commencing during the quarter, the percentage-of-completion method is applied to the portion completed by June 30, 2009, for which the outcome of the construction activity is deemed certain (progress of work estimated by percentage of cost incurred) and the completed-contract method is applied to other work. The impact of this change on the consolidated quarterly financial statements is immaterial.

4. Number of shares outstanding

	Q1 2009	FY 2008
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of shares of treasury stock at end of period	4,112,037	4,070,731
Average number of shares outstanding during period	1,398,523,188	1,398,515,789*

* Q1 2008

V. Overview of Consolidated Results

1. Consolidated group results

The global economy remained marked by uncertainty during the April to June quarter, although there were some signs of improvement from the severe economic downturn which began in the second half of fiscal 2008. While the Japanese economy appears to have bottomed out owing to the effect of economic stimulus measures in China and elsewhere, consumer spending remained sluggish and corporate earnings remained diminished. As such, the operating environment for Asahi Kasei and its consolidated subsidiaries (the Asahi Kasei Group) was particularly challenging.

Asahi Kasei's consolidated net sales for the quarter were ¥289.3 billion, a decrease of ¥96.6 billion (25.0%) from a year ago, with decreased product shipments and lower market prices in the Chemicals and Electronics segments. An operating loss of ¥0.3 billion resulted as profitability decreased by ¥19.7 billion, with diminished performance in the Chemicals and Electronics segments and decreased licensing income in the Health Care segment. Ordinary loss was ¥1.7 billion, a decrease in profitability of ¥23.0 billion. Net loss was ¥1.7 billion, a decrease in profitability of ¥15.2 billion.

2. Results by operating segment

Six operating segments correspond to the main fields of business, and the Services, Engineering and Others segment comprises the remainder of operations. The following segment names have been revised beginning with the first quarter of fiscal 2009 for greater clarity and correspondence with the fields of businesses under operation.

Previously	*Changed to*
Electronics Materials & Devices segment	Electronics segment
Pharma segment	Health Care segment

The electronic materials operations of Asahi Kasei Corp., Asahi Kasei Chemicals, and Asahi Kasei EMD (renamed Asahi Kasei Microdevices on April 1, 2009) were transferred to Asahi Kasei E-materials on April 1, 2009. In consideration of the similarity of product types and characteristics to those of electronics operations, the operations of Asahi Kasei E-materials are reported in the Electronics segment. For comparison purposes, results for the year-ago period have been revised to reflect the transfer of the corresponding operations from the Chemicals segment and Corporate Expenses to the Electronics segment.

The Leona™ nylon 66 filament business of Asahi Kasei Chemicals was transferred to Asahi Kasei Fibers on April 1, 2009. For comparison purposes, results for the year-ago period in the Chemicals and Fibers segments have been revised to reflect this transfer.

CHEMICALS

Sales decreased by ¥62.0 billion (31.8%) from the first quarter a year ago to ¥132.9 billion and operating income decreased by ¥4.0 billion (64.4%) to ¥2.2 billion.

Operations in both volume products (chemicals and derivative products, polymer products) and specialty products were impacted by deteriorating market conditions (decreased product shipments, lower market prices) as an effect of the severe global economic downturn which began in the second half of fiscal 2008 and by a higher yen exchange value.

HOMES

Sales decreased by ¥5.2 billion (8.2%) from the first quarter a year ago to ¥58.5 billion and the operating loss decreased by ¥0.8 billion to ¥3.0 billion. Orders for order-built homes decreased by ¥0.9 billion to ¥76.4 billion.

Although deliveries of order-built Hebel Haus™ unit homes decreased, operating performance improved slightly with remodeling and other housing-related operations performing well and the effect of operating cost reductions.

HEALTH CARE

Sales decreased by ¥6.1 billion (17.7%) from the first quarter a year ago to ¥28.5 billion and operating income decreased by ¥5.9 billion (65.7%) to ¥3.1 billion.

In pharmaceuticals operations, shipments of the Flivas™ agent for the treatment of benign prostatic hyperplasia increased, but licensing income decreased. Devices-related operations were sharply impacted by the appreciation of the yen, although shipments of Planova™ virus removal filters to overseas markets increased.

FIBERS

Sales decreased by ¥8.3 billion (27.1%) from the first quarter a year ago to ¥22.4 billion and an operating loss of ¥1.5 billion resulted with a ¥2.6 billion decrease in profitability.

Shipments and market prices of Roica™ elastic polyurethane filament decreased due to deteriorating overseas market conditions. Shipments of Bemberg™ regenerated cellulose to overseas markets and of Leona™ nylon 66 filament for tire cord applications also decreased.

ELECTRONICS

Sales decreased by ¥8.0 billion (20.3%) from the first quarter a year ago to ¥31.5 billion and an operating loss of ¥0.6 billion resulted with a ¥7.4 billion decrease in profitability.

Although market conditions in the electronics industry as a whole improved from the severe deterioration which began in the second half of fiscal 2008, shipments of electronic devices such as LSIs and Hall elements and shipments of electronic materials decreased.

CONSTRUCTION MATERIALS

Sales decreased by ¥3.0 billion (20.8%) from the first quarter a year ago to ¥11.6 billion and an operating loss of ¥30 million resulted with a ¥0.4 billion decrease in profitability.

Shipments of Hebel™ autoclaved aerated concrete (AAC) panels and other AAC-related products and of piling systems for foundations decreased with the decline in new construction starts.

SERVICES, ENGINEERING AND OTHERS

Sales decreased by ¥3.8 billion (49.8%) from the first quarter a year ago to ¥3.9 billion and operating income decreased by ¥0.9 billion (67.8%) to ¥0.4 billion.

Decreased orders were received in engineering operation due to a curtailment of capital investments.

VI. Consolidated Balance Sheets

	At end of June 2009	At end of March 2009
Assets		
Current assets		
Cash and deposits	75,438	97,969
Notes and accounts receivable – trade	223,001	208,868
Short-term investment securities	711	406
Merchandise and finished goods	125,714	138,098
Work in process	104,222	82,832
Raw materials and supplies	56,267	52,609
Deferred tax assets	19,534	18,444
Other	71,341	85,626
Allowance for doubtful accounts	(1,590)	(2,648)
Total current assets	674,639	682,205
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	394,349	381,725
Accumulated depreciation	(223,604)	(217,710)
Buildings and structures, net	170,745	164,014
Machinery, equipment and vehicles	1,171,911	1,138,427
Accumulated depreciation	(1,005,787)	(977,646)
Machinery, equipment and vehicles, net	166,124	160,781
Land	54,481	53,740
Lease assets	3,315	2,540
Accumulated depreciation	(377)	(227)
Lease assets, net	2,938	2,313
Construction in progress	45,121	44,140
Other	112,096	109,437
Accumulated depreciation	(95,401)	(93,155)
Other, net	16,695	16,282
Subtotal	456,103	441,271
Intangible assets		
Goodwill	8,608	7,449
Other	31,776	29,935
Subtotal	40,384	37,384
Investments and other assets		
Investment securities	167,653	157,091
Long-term receivables	6,687	2,670
Deferred tax assets	24,279	28,874
Other	30,154	29,993
Allowance for doubtful accounts	(152)	(151)
Subtotal	228,621	218,477
Total noncurrent assets	725,109	697,132
Total assets	1,399,747	1,379,337

	At end of June 2009	At end of March 2009
Liabilities		
Current liabilities		
Notes and accounts payable, trade	109,480	113,378
Short-term loans payable	96,339	100,786
Commercial paper	92,000	55,000
Current portion of bonds	—	20,000
Lease obligations	636	489
Income taxes payable	1,623	4,097
Accrued expenses	68,603	86,947
Advances received	54,624	40,203
Provision for repairs	5,682	1,674
Provision for product warranties	7,656	9,396
Other	61,235	55,951
Total current liabilities	497,881	487,921
Noncurrent liabilities		
Bonds payable	5,000	5,000
Long-term loans payable	136,449	132,474
Lease obligations	2,315	1,845
Deferred tax liabilities	6,054	4,257
Provision for retirement benefits	111,681	109,864
Provision for directors' retirement benefits	1,102	1,046
Provision for repairs	364	4,499
Long-term guarantee deposited	18,782	19,149
Other	2,011	1,931
Total noncurrent liabilities	283,758	280,065
Total liabilities	781,639	767,986
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,403	79,404
Retained earnings	412,074	418,292
Treasury stock	(1,963)	(1,946)
Total shareholders' equity	592,903	599,139
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	32,845	23,301
Deferred gains or losses on hedges	(154)	(178)
Foreign currency translation adjustment	(15,069)	(18,416)
Total valuation and translation adjustments	17,622	4,708
Minority interests	7,583	7,504
Total net assets	618,108	611,351
Total liabilities and net assets	1,399,747	1,379,337

VII. Consolidated Statements of Income

	Q1 2008	Q1 2009
Net sales	385,992	289,344
Cost of sales	295,624	225,176
Gross profit	90,368	64,168
Selling, general and administrative expenses	70,966	64,506
Operating income	19,401	(338)
Non-operating income		
Interest income	252	167
Dividends income	1,378	949
Equity in earnings of affiliates	431	—
Foreign exchange gains	1,513	—
Other	774	590
Total non-operating income	4,348	1,706
Non-operating expenses		
Interest expense	984	907
Equity in losses of affiliates	—	604
Other	1,516	1,607
Total non-operating expenses	2,500	3,118
Ordinary income (loss)	21,249	(1,750)
Extraordinary loss		
Loss on valuation of investment securities	—	36
Loss on disposal of noncurrent assets	582	203
Impairment loss	—	58
Business structure improvement expenses	—	961
Total extraordinary loss	582	1,259
Income (loss) before income taxes	20,667	(3,008)
Income taxes	6,934	(1,160)
Minority interests in income (loss)	268	(103)
Net income (loss)	13,465	(1,746)

VIII. Cash flows

	Q1 2008	Q1 2009
Cash flows from operating activities:		
Income (loss) before income taxes	20,667	(3,008)
Depreciation and amortization	17,814	18,479
Impairment loss	—	58
Amortization of goodwill	136	292
Amortization of negative goodwill	(23)	(9)
Increase (decrease) in provision for repairs	(2,104)	(126)
Increase (decrease) in provision product warranties	(126)	(1,741)
Increase (decrease) in provision for retirement benefits	(1,691)	262
Interest and dividend income	(1,630)	(1,116)
Interest expense	984	907
Equity in (earnings) losses of affiliates	(431)	604
Loss (gain) on valuation of investment securities	—	36
Loss (gain) on disposal of noncurrent assets	582	203
Decrease (increase) in notes and accounts receivable, trade	(752)	(12,675)
Decrease (increase) in inventories	(26,419)	(8,267)
Increase (decrease) in notes and accounts payable, trade	8,902	(4,620)
Increase (decrease) in accrued expenses	(24,209)	(18,896)
Increase (decrease) in advances received	17,565	14,406
Other, net	(765)	15,282
Subtotal	8,499	71
Interest and dividend income, received	2,901	1,927
Interest expense, paid	(1,190)	(1,068)
Income taxes, paid	(5,426)	(3,735)
Net cash provided by (used in) operating activities	4,784	(2,805)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(21,049)	(19,863)
Proceeds from sales of property, plant and equipment	788	67
Purchase of intangible assets	(14,672)	(2,483)
Purchase of investment securities	(5,698)	(5,122)
Proceeds from sales of investment securities	113	5,014
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	1,332
Payments of loans receivable	(978)	(4,896)
Collection of loans receivable	1,208	2,708
Other, net	(226)	(960)
Net cash provided by (used in) investing activities	(40,514)	(24,203)

	Q1 2008	Q1 2009
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	598	(136)
Increase (decrease) in commercial paper	55,000	37,000
Proceeds from long-term loans payable	10,000	3,727
Repayment of long-term loans payable	(345)	(12,367)
Redemption of bonds	(15,000)	(20,000)
Repayments of lease obligations	(5)	(156)
Purchase of treasury stock	(48)	(26)
Proceeds from disposal of treasury stock	9	7
Cash dividends paid	(9,791)	(4,196)
Cash dividends paid to minority shareholders	(20)	(157)
Other	(127)	(19)
Net cash provided by (used in) financing activities	40,272	3,678
Effect of exchange rate change on cash and cash equivalents	(2,803)	273
Net increase (decrease) in cash and cash equivalents	1,739	(23,057)
Cash and cash equivalents at beginning of period	83,033	98,092
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	360
Cash and cash equivalents at end of period	84,773	75,395

IX. Operating Segment Information

Note: For comparison purposes, results by segment for the previous year are revised to reflect the April 1, 2009, transfer of electronic materials operations from the Chemicals segment and corporate expenses to the Electronics segment and the April 1, 2009, transfer of nylon 66 filament operations from the Chemicals segment to the Fibers segment.

1. Consolidated net sales and operating income (loss) by segment

1) Consolidated net sales

(billions of yen)

	Q1 2008	Q1 2009	Increase (decrease)	First half FY 2009 forecast
Chemicals	195.0	132.9	(62.0)	278.0
Homes	63.7	58.5	(5.2)	158.0
Health Care	34.6	28.5	(6.1)	57.0
Fibers	30.7	22.4	(8.3)	53.0
Electronics	39.6	31.5	(8.0)	69.0
Construction Materials	14.7	11.6	(3.0)	25.0
Services, Engineering and Others	7.7	3.9	(3.8)	11.0
Total	386.0	289.3	(96.6)	651.0

2) Consolidated operating income (loss)

(billions of yen)

	Q1 2008	Q1 2009	Increase (decrease)	First half FY 2009 forecast
Chemicals	6.2	2.2	(4.0)	5.0
Homes	(3.7)	(3.0)	0.8	1.0
Health Care	9.0	3.1	(5.9)	3.5
Fibers	1.1	(1.5)	(2.6)	(3.5)
Electronics	6.8	(0.6)	(7.4)	2.0
Construction Materials	0.3	(0.0)	(0.4)	0.0
Services, Engineering and Others	1.3	0.4	(0.9)	1.0
Combined	21.0	0.6	(20.4)	9.0
Corporate expenses and eliminations	(1.6)	(1.0)	0.6	(4.0)
Consolidated	19.4	(0.3)	(19.7)	5.0

2. Operating income increases/decreases by segment

(billions of yen)

	Increase (decrease) due to:				Net increase (decrease)
	Sales volume	Sales prices [*of which, due to foreign exchange*]		Operating costs and others	
Chemicals	(3.4)	(30.8)	(1.8)	30.2	(4.0)
Homes	(1.8)	(0.2)	—	2.8	0.8
Health Care	1.8	(1.1)	(0.9)	(6.6)	(5.9)
Fibers	(1.2)	(2.4)	(0.8)	0.9	(2.6)
Electronics	(2.9)	(2.7)	(0.8)	(1.8)	(7.4)
Construction Materials	(1.2)	0.6	—	0.3	(0.4)
Services, Engineering and Others	(0.9)	0.0	0.0	0.0	(0.9)
Corporate expenses and eliminations	—	—	—	0.6	0.6
Consolidated	(9.7)	(36.5)	(4.3)	26.5	(19.7)

3. Major financial metrics (consolidated)

(billions of yen, except D/E ratio)

	Q1 2008	Q1 2009
Capital expenditure (tangible)	26.3	21.9
Capital expenditure (intangible)	14.3	2.7
Purchase of investment securities	5.7	5.1
Depreciation and amortization	17.8	18.5
Balance of payments	0.6	0.2
of which, dividends received	*1.4*	*0.9*
D/E ratio	0.39	0.55

4. Contract trends for home construction operations

	Q1 2008	Q1 2009	Increase (decrease)	First half FY 2009 forecast
No. of orders received (home units)	3,199	3,171	(28)	6,300
Value of orders received (¥ billion)	77.3	76.4	(0.9)	154.0
Backlog of orders (¥ billion)	331.7	321.1	(10.6)	321.1
No. of sales (home units)	1,852	1,511	(341)	4,550
Value of sales (¥ billion)	44.4	37.9	(6.5)	115.5

5. Key operating factors

		Q1 2008	Q1 2009	Increase (decrease)	First half FY 2009 forecast
Naphtha price (yen/kL, domestic)		70,900	33,300	(37,600)	37,650
Exchange rates (market average)	Yen/US$	105	97	(7)	96
	Yen/€	163	133	(31)	129

6. Interest-bearing debt

(billions of yen)

	At end of March 2009	At end of June 2009	Increase (decrease)
Short-term borrowings	100.8	96.3	(4.4)
Commercial paper	55.0	92.0	37.0
Long-term debt	132.5	136.4	4.0
Corporate bonds	25.0	5.0	(20.0)
Lease obligations	2.3	3.0	0.6
Total	315.6	332.7	17.1