

# Supplement

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.

**November, December 2005**  
**Asahi Kasei Corporation**

# Chemicals segment breakdown

Monomers & basic chemicals		Polymers & elastomers		Specialty products & systems	
Basic chemicals	Olefins	General-purpose polymers	HDPE	Performance chemicals	Duranate™ HMDI
	Benzene		LDPE		Aluminium paste
	Caustic soda		ABS, AS		Acrylic latex
	Chlorine		SB latex		Epoxy resin
	NH <sub>3</sub> & by-products		Polystyrene		Saran™ latex
	Nitric acid		PMMA pellet		Specialty paper
	Fertilizers		PMMA sheet	Specialty products	Ceolus™ Microcrystalline cellulose
Monomers	Styrene monomer	Elastomers	Synthetic rubber		Industrial cleaning agents
	Acrylonitrile		Asaflex™ SB block copolymer	Amino surfactant™	
	MMA		Tufprene™ SB block copolymer		
	Cyclohexanol		Tuftec™ hydrogenated SB block copolymer	Systems, etc	MF/UF membranes
Specialties	Adipic acid	Performance polymers	Tenac™ POM		Hipore™ battery separator
	Acetonitrile		Xyron™ mPPE	Water treatment systems	
	Hydrogen cyanide		Leona™ nylon 66	APR™ liquid photopolymer	
	Sodium cyanide		Sunfine™ PE powder	AFP™ solid photopolymer	
	Methacrylonitrile		Creolex™ metallocene HDPE	Ion-exchange membranes & systems	
	CHMA		Light-guide sheet	Industrial explosives	
	PCDL		SOE™ olefinic elastomer	Defense explosives	
			Asaclean™ purging agent	Metal cladding	
			Polymer compounds	Bonded anchors	
Share of sales			80%	Share of sales	20%
Share of profit*			60%	Share of profit*	40%

\* Operating profit prior to amortization of actuarial differences in retirement benefits.

# Primary monomers, polymers and elastomers **AsahiKASEI**

As of Nov. 1, 2005

	Asahi Kasei Chemicals		Competitors			Main application	Strengths
	Capacity (kt/y)	Share* (%)	Company	Capacity† (kt/y)	Share* (%)		
Acrylonitrile	770	13	Innovene	1,055	18	Acrylic fiber, ABS resin; captive use for ABS and adiponitrile	2nd largest producer in the world.
Styrene monomer	780	3	BASF Dow Shell	2,323 2,224 2,110	9 8 8	EPS, ABS, SB latex, unsaturated polyester, SBR; captive use for PS, ABS, SB latex and SBR	Largest producer in Asia.
MMA monomer	100	3	Lucite Degussa	620 460	20 15	MS, MBS, coating materials; captive use for MMA polymer	Using our own C4 process for cost competitiveness.
Cyclohexanol	170	100	–	–	–	Captive use for adipic acid	World's only volume producer. Our own process technology.
Adipic acid	170	6	Invista Rhodia	1,095 370	39 13	Polyurethane; captive use for nylon 66	Largest producer in Asia.
Elastomer	100	5	Kraton Philips	405 170	19 8	Plastic modifier	Market expansion with unique polymers based on our own technology.

\* Share of production capacity based on Asahi Kasei estimate.

† Asahi Kasei estimate.

Business fields	Products	Position
Membranes/ environmental	Hipore™ (Li-ion battery separator)	No. 1 world share: 50%
	Microza™ (UF and MF membranes) and systems	No. 2 world share: 30%
	Aciplex™ (membranes for chlor-alkali)	No. 1 world share: 30%
	Electrodialysis systems	No. 2 world share
Systems	Explosives	No. 1 domestic share
	APR™ (photosensitive resin), AFP™ (photosensitive plates) and printing plate making system	APR™, No. 2 world share
Functional materials	Duranate™ (non-yellowing polyisocyanate)	No. 1 domestic share
	Aluminum paste	No. 2 domestic share
	AER™ (epoxy resin), Novacure™ (epoxy hardener)	
	Ceolus™ (microcrystalline cellulose)	No. 3 world share
	Elase™ (industrial cleaning compound)	
	Polydurex™ (silicone-modified acrylic latex), Saran™ (PVDC) latex	Saran™, No. 2 world share: 20%

# Recovery projected in home contracts

## Sales and order trends

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

		Sales of order-built homes	Sales of pre-built homes	Other sales*	Total sales	Value of new orders during the term	Order backlog
FY 00	H1	147.3 (+5.1%)	9.3 (+32.9%)	–	156.6 (+6.4%)	156.3 (+0.3%)	295.8
	H2	166.6 (-1.6%)	10.4 (+15.6%)	–	177.0 (-0.7%)	143.3 (-10.7%)	272.6
	annual	313.9 (+1.4%)	19.7 (+23.1%)	–	333.6 (+2.5%)	299.6 (-5.3%)	
FY 01	H1	144.7 (-1.8%)	7.5 (-19.4%)	–	152.3 (-2.7%)	141.7 (-9.3%)	269.5
	H2	144.9 (-13.0%)	9.0 (-13.5%)	–	153.9 (-13.1%)	131.3 (-8.4%)	255.9
	annual	289.6 (-7.7%)	16.5 (-16.2%)	–	306.2 (-8.2%)	273.0 (-8.9%)	
FY 02	H1	121.9 (-15.8%)	6.5 (-13.3%)	–	128.4 (-15.7%)	139.3 (-1.7%)	273.3
	H2	141.4 (-2.4%)	10.2 (+13.3%)	–	151.6 (-1.5%)	150.0 (+14.2%)	282.0
	annual	263.3 (-9.1%)	16.7 (+1.2%)	–	280.0 (-8.6%)	289.3 (+6.0%)	
FY 03	H1	121.2 (-0.6%)	5.2 (-17.8%)	0.5	126.9 (-1.3%)	161.4 (+15.9%)	322.2
	H2	159.9 (+13.1%)	30.8 (+200.9%)	0.6	191.2 (+26.0%)	156.7 (+4.5%)	319.0
	annual	281.1 (+6.8%)	36.0 (+117.0%)	1.1	318.2 (+13.5%)	318.1 (+9.9%)	
FY 04	H1	138.9 (+14.6%)	6.6 (+25.3%)	0.5	146.0 (+15.0%)	153.1 (-5.2%)	333.2
	H2	171.9 (+7.5%)	13.6 (-55.9%)	0.6	186.0 (-2.8%)	148.7 (-5.1%)	310.1
	annual	310.7 (+10.6%)	20.1 (-44.1%)	1.1	332.0 (+4.3%)	301.8 (-5.1%)	
FY 05	H1	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	150.4 (-1.7%)	320.4
	H2 forecast	174.8 (+1.7%)	14.5 (+6.8%)	0.6	189.9 (+2.1%)	157.6 (+5.9%)	303.1
	annual	315.0 (+1.4%)	35.0 (+74.0%)	1.0	351.0 (+5.7%)	308.0 (+2.1%)	

\* Including commissions on property insurance.

## Sales trends of homes segment

(¥ billion)

					Total sales
	Order-built homes	Pre-built homes and others	Sub total	Related services*	
FY 00	313.9	19.7	333.6	32.6	366.2
FY 01	289.6	16.5	306.2	36.3	342.5
FY 02	263.3	16.7	280.0	40.4	320.4
FY 03	281.1	37.1	318.2	43.1	361.3
FY 04	310.7	21.2	332.0	43.8	375.8
H1	140.2	20.9	161.1	24.3	185.3
FY 05 forecast	315.0	36.0	351.0	49.0	400.0

\* Home maintenance and remodeling (Asahi Kasei Reform), home leasing and real estate brokering (Asahi Kasei Real Estate).

# Pharma segment breakdown

Sales of Asahi Kasei Pharma Corporation (¥ billion)

		FY 2004		FY 2005	
		H1		H1	forecast
	Pharmaceuticals	23.8	47.9	24.7	49.6
	Others	7.0	13.6	7.6	13.3
Non-consolidated		30.8	61.6	32.2	62.9
Asahi Kasei Medical		19.4	37.6	19.0	41.7
Others		2.6	4.7	2.4	5.4
Consolidated		52.8	103.9	53.6	110.0

Main pharmaceuticals domestic sales (¥ billion)

	FY 2004		FY 2005	
	H1		H1	forecast
Elcitonin™	8.4	16.1	8.2	16.0
Bredinin™	3.2	6.3	3.1	6.1
Flivas™	3.9	8.0	4.5	9.2
Toledomin™	2.7	5.7	3.1	6.4
Exacin™	0.7	1.4	0.6	1.3
Ricamycin™	0.4	0.9	0.3	0.7
EriI™	0.7	1.4	0.7	1.5

## Overview of main products

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection	–
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet	–
Flivas™	Naftopidil	Selective $\alpha$ -1 blocker	Benign prostatic hypertrophy	Tablet	Nippon Organon
Toledomin™	Milnacipran hydrochloride	SNRI	Depression	Tablet	–
Exacin™	Isepamicin sulfate	Aminoglycoside antibiotic	Infection	Injection	Schering-Plough
Ricamycin™	Rokitamycin	Macrolide antibiotic	Infection	Tablet, dry syrup	–
Eril™	Fasudil	Rho kinase inhibitor	Cerebral vasospasm after subarachnoid hemorrhage surgery	Injection	–

# Product pipeline of pharmaceuticals

Development stage	Product	Objective	Class	Indication
Pre-registration	AT-877 (injection)	Additional indication	Rho-kinase inhibitor	Acute cerebral thrombosis
Phase III	PTH (injection)	Additional indication	Synthetic human parathyroid hormone	Osteoporosis
	ART-123 (injection)	New biologic	Recombinant human thrombomodulin	Disseminated intravascular coagulation
	AK-120 (oral)	New molecular entity	Antivirus	Shingles (zoster)
Phase II	AT-877 (oral)	New dosage form	Rho-kinase inhibitor	Angina pectoris
	AP-521 (oral)	New molecular entity	5HTA1 receptor partial agonist	Anxiety
Phase II (overseas)	ART-123 (injection)	New biologic	Recombinant human thrombomodulin	Deep vein thrombosis

## Securing world no. 2 position in artificial kidneys

- Expanding capacity for polysulfone hollow-fiber membranes: 20 million modules capacity by Nov. 05, 30 million by FY 10.
- New assembly plant in China: 3.5 million modules capacity by 05/11.
- Asahi Kasei Medical America established 04/7: Enhanced marketing function.



### Targeting 20% world share

Currently:

1. Fresenius 41%
  2. Asahi Kasei Medical 18%
  3. Gambro 18%
- (Kalorama report)

No. 1 domestic share 37%  
(Asahi Kasei estimate)

## Strategic expansion of new products

Growth of Cellsorba™ leukocyte adsorption column

*In Japan:*

- Approved for ulcerative colitis 01/10.
- Approved for rheumatoid arthritis 04/4.

*Overseas:*

- CE mark acquired, sale in EU begun.

## Developing new businesses in the field of medicine

Establishment of medical service support center (04/11)

*Objective:*

Development of new businesses serving hospitals and medical clinics.

*Current projects:*

- Implementation of hospital management support systems for hemodialysis.
- Support systems for opening hemodialysis clinics.

*Asahi Kasei's edge:*

Broad range of technology and know-how from pharmaceuticals and medical devices to building construction and information systems.

*Technological superiority:*

World's no. 2, Japan's no. 1 artificial kidney business.

*Elements of synergy:*

- Network of contacts with physicians and hospitals.
- Electronic medical chart system (Asahi Kasei Information Systems).
- Strong reputation in building construction (Asahi Kasei Homes).

## Application-specific devices

- Digital/analog mixed-signal LSIs for specialized applications:  
Flat panel displays, digital cameras (video and still), cell phones, and data storage
- Hybrid magnetic sensors combining Hall elements and LSI circuitry:  
Electronic compasses and pointing devices for cell phones

World No. 1 in TCXO ICs  
World top 3 in audio AD/DA converters

World share in Hall elements: 75%

## Expanding applications for materials

- Pimel™ photosensitive polyimide precursor  
Semiconductor buffer coats
- Sunfort™ dry film resist  
From printed wiring boards to plasma display panels
- Photomask pellicles

World No. 1 share: 55%

World top 3 share: 25%

World No. 1 for large LCDs

## Expanding functional materials operations in growth fields

Establishment of marketing center  
for FPC and FPD materials (04/10)

*Objective:*

Rapid development of operations for packaging materials and display materials.

*Current projects:*

- 2-layer flexible copper-clad laminate(FCCL) for flexible printed circuit boards.
- Functional materials for flat panel displays.

*Asahi Kasei's edge:*

Broad range of technology and know-how from materials science to applied electronics.

*Technological superiority:*  
Photosensitive polymers, microfabrication.

*Market insight:*  
Dry film resist, photosensitive polyimide precursor, light-guide plates.

*Key development approach:*

- Concentrate resources of Asahi Kasei EMD, Asahi Kasei Chemicals, and Corporate R&D.
- Prepare dedicated lab, use clean-room facility for prototype production.
- Supplement core technology through M&A and alliances.
- Build business model coordinating tech support and marketing.

*Advancement of 2-layer FCCL:*

- Trial marketing begun.
- Commercial plant under construction; start-up in H1 2006.

## Financial health restored

- Three-year amortization of unrecognized transition amount resulting from change in accounting standards (FY 00–02)
- Accumulated unrecognized actuarial difference fully amortized with ¥126.0 billion special loss (FY 02)
- Unrecognized actuarial differences are now amortized in the fiscal year following their occurrence (from FY 02)
- Reversion of proxy execution of portion of national pension (FY 02, 03)
- Assumed interest rate on plan assets reduced from 4.5% to 3% (FY 02)

Projected benefit obligations: ¥291 billion (Mar 05)

Fair value of plan assets: ¥172 billion (Mar 05)