

**Asahi Kasei Corporation**

Head Office: 1-2-6 Dojimahama, Kita-ku, Osaka, Japan

Tokyo Head Office: 1-1-2 Yurakucho, Chiyoda-ku, Tokyo, Japan

Security code: 3407

Contact: Corporate Communications, Phone +81-3-3507-2060, Fax +81-3-3507-2495

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**Consolidated Results for 1st Quarter Fiscal 2005:  
April 1, 2005 – June 30, 2005**

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

**I. Conditions for Preparation of Quarterly Statements**

1. Change in method of accounting: Application of fixed assets impairment accounting.
2. Change in scope of consolidation, application of equity method  
Decrease in No. of consolidated subsidiaries: 2.  
Increase in No. of equity method companies: 2.

**II. Summary of Consolidated Results**

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

	Q1 2005	Q1 2004
Net sales	328,625 [+11.5%]	294,800 [+13.7%]
Operating profit	13,612 [-25.2%]	18,188 [+312.0%]
Ordinary profit	14,601 [-23.9%]	19,176 [+480.2%]
Net income	5,195 [-56.7%]	12,004 [-]
Net income per share*	3.71	8.57
Diluted net income per share*	—	—

\* Yen

2. Financial position

	At end of June 2005	At end of June 2004
Total assets	1,275,636	1,266,066
Shareholders' equity	511,551	468,506
Shareholders' equity/total assets	40.1%	37.0%
Shareholders' equity per share*	365.32	334.45

\* Yen

### 3. Cash flows

	Q1 2005	Q1 2004
Cash flows from operating activities	(14,653)	(8,109)
Cash flows from investing activities	(10,331)	(16,582)
Cash flows from financing activities	5,279	10,710
Cash and cash equivalents at end of period	48,865	57,895

### III. Forecast for First Half Fiscal 2004 (April 1, 2005 – September 30, 2005)

Net sales	716,000
Ordinary profit	45,500
Net income	22,500
Net income per share*	16.07

\* Yen

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

### IV. Overview of Consolidated Results

#### 1. Consolidated group results

While the domestic economy showed some signs of recovery during the April to June quarter, including a mild increase in private-sector capital investment and a recovery of consumer spending, the operating environment remained challenging due to persistently high petroleum prices.

Asahi Kasei's consolidated net sales for the quarter were ¥328.6 billion, an increase of ¥33.8 billion (11.5%) from a year ago, with strong overseas demand for chemicals. Operating profit was ¥13.6 billion, a decrease of ¥4.6 billion (25.2%), with fewer deliveries of order-built homes and intensified competition for electronics products. Ordinary profit was ¥14.6 billion, a decrease of ¥4.6 billion (23.9%), and net income was ¥5.2 billion, a decrease of ¥6.8 billion (56.7%).

#### 2. Results by operating segment

In April 2005, Leona™ nylon 66 filament operations were transferred from the Fibers segment to the Chemicals segment. For purposes of comparison, results for the year-ago period have been recalculated to reflect this change.

The ¥4.6 billion decrease in operating profit from the first quarter of the previous fiscal year includes a ¥2.3 billion decrease due to amortization of actuarial differences in retirement benefit accounts (a ¥3.8 billion surplus was amortized in the year-ago quarter, while a ¥1.5 billion surplus was amortized in the quarter under review). Operating profit figures by operating segment are those resulting after this amortization; amounts of amortization by operating segment are shown on p. 6.

#### CHEMICALS

Sales increased by ¥30.6 billion (25.0%) from the first quarter a year ago to ¥153.4 billion and operating profit increased by ¥1.8 billion (36.1%) to ¥6.9 billion. Sales of chemicals and derivative products grew with strong market conditions and overseas demand for acrylonitrile and styrene, particularly in China. Market conditions for

polymer products improved, and sales of general-purpose resins, engineering resins, and elastomers grew. Sales of specialty products grew, particularly ion-exchange membrane electrolysis systems. Operating profit for the segment increased despite high feedstock costs.

#### HOMES

Sales increased by ¥5.5 billion (8.3%) from the first quarter a year ago to ¥71.7 billion and the operating loss increased by ¥1.4 billion to ¥1.9 billion. The sales increase resulted from growth in condominium units sold, but operating profitability declined due to fewer deliveries of order-built homes. Remodeling and real estate operations performed on par with a year ago.

#### PHARMA

Sales increased by ¥0.5 billion (1.9%) from the first quarter a year ago to ¥27.1 billion and operating profit decreased by ¥0.8 billion (18.3%) to ¥3.6 billion. The operating climate remained challenging with government measures to curtail health care expenditure. The sales increase was largely through growth in Flivas™ therapy for benign prostatic hyperplasia and Toledomin™ antidepressant. The decline in operating profit was largely the result of increased capital depreciation following expansion of plant for hemodialyzers.

#### FIBERS

Sales decreased by ¥2.0 billion (8.8%) from the first quarter a year ago to ¥20.5 billion and operating profit decreased by ¥1.0 billion (53.0%) to ¥0.9 billion. Bemberg™ cuprammonium rayon operations performed on par with a year ago. The operating profit decrease resulted from lower exports of Roica™ elastic polyurethane filament and elevated feedstock prices.

#### ELECTRONICS MATERIALS & DEVICES

Sales decreased by ¥0.1 billion (0.4%) from the first quarter a year ago to ¥24.2 billion and operating profit decreased by ¥1.7 billion (29.6%) to ¥4.0 billion. While sales were on par with a year ago, operating profit decreased due to intensified competition and elevated feedstock costs.

#### CONSTRUCTION MATERIALS

Sales decreased by ¥1.0 billion (7.0%) from the first quarter a year ago to ¥12.9 billion and operating profit equaled that of a year ago at ¥0.3 billion. Sales decreased as a result of the discontinuation of the Grande™ line of large autoclaved lightweight concrete (ALC) panels and fewer orders for pre-cast concrete piles. Operating profit was maintained with increased sales of Hebel™ ALC panels and of Neoma™ high-performance foam insulation panels.

#### LIFE & LIVING

Sales decreased by ¥2.3 billion (15.4%) from the first quarter a year ago to ¥12.4 billion and operating profit decreased by ¥0.5 billion (35.1%) to ¥1.0 billion. Concerted market promotions resulted in increased sales of Saran Wrap™ cling film, but total sales decreased as a result of the transfer of biaxially oriented polystyrene sheet operations to a non-consolidated joint venture. The operating profit decrease resulted from elevated feedstock costs for packaging and cushioning products.

#### SERVICES, ENGINEERING AND OTHERS

Sales increased by ¥2.5 billion (62.2%) from the first quarter a year ago to ¥6.5 billion and operating profit increased by ¥0.3 billion (110.0%) to ¥0.6 billion. Growth was largely in personnel staffing and placement operations and in engineering operations.

## V. Consolidated Statements of Income

	Q1 2005	Q1 2004	Increase (decrease)	Percent change
Net sales	328,625	294,800	33,825	+11.5
Cost of sales	250,797	213,804	36,993	+17.3
Selling, general and administrative expenses	64,215	62,809	1,406	+2.2
Operating profit	13,612	18,188	(4,576)	-25.2
Non-operating income	2,656	2,726	(70)	-2.6
Non-operating expenses	1,667	1,738	(71)	-4.1
Ordinary profit	14,601	19,176	(4,575)	-23.9
Special gains	159	237	(78)	-32.9
Special losses	5,785	716	5,069	+708.0
Income before income taxes and minority interests	8,975	18,697	(9,722)	-52.0
Net income	5,195	12,004	(6,809)	-56.7

## VI. Consolidated Balance Sheets

	At end of June 2005	At end of March 2005	Increase (decrease)
<b>Assets section</b>			
Current assets	600,766	589,719	11,047
Fixed assets	674,870	680,338	(5,468)
Tangible fixed assets	415,459	419,969	(4,510)
Intangible fixed assets	34,586	36,411	(1,825)
Investments and other assets	224,825	223,958	867
Total assets	1,275,636	1,270,057	5,579
<b>Liabilities section</b>			
Current liabilities	411,739	403,022	8,717
Long-term liabilities	345,850	348,956	(3,106)
Total liabilities	757,589	751,979	5,610
Minority interest in consolidated subsidiaries	6,495	6,352	143
<b>Shareholders' equity</b>			
Issued and outstanding	103,389	103,389	—
Capital surplus	79,423	79,423	—
Retained earnings	294,988	295,594	(606)
Others	50,741	50,291	450
Common stock in treasury, at cost	(16,989)	(16,969)	(20)
Total shareholders' equity	511,551	511,726	(175)
Total liabilities, minority interest and shareholders' equity	1,275,636	1,270,057	5,579

## VII. Cash flows

	Q1 2005	Q1 2004
Cash flows from operating activities	(14,653)	(8,109)
Cash flows from investing activities	(10,331)	(16,582)
Cash flows from financing activities	5,279	10,710
Effect of exchange rate changes on cash and cash equivalents	114	(18)
Net decrease in cash and cash equivalents	(19,591)	(13,999)
Cash and cash equivalents at beginning of term	68,456	70,898
Cash and cash equivalents held by newly consolidated subsidiaries	—	995
Cash and cash equivalents at end of term	48,865	57,895

## VIII. Operating Segment Information

### 1. Consolidated net sales

(billions of yen)

	Q1 2005	Q1 2004	Increase (decrease)	First half FY 2005 forecast
Chemicals*	153.4	122.8	30.6	314.0
Homes	71.7	66.2	5.5	185.0
Pharma	27.1	26.6	0.5	54.0
Fibers*	20.5	22.5	(2.0)	46.0
Electronics Materials & Devices	24.2	24.3	(0.1)	49.0
Construction Materials	12.9	13.8	(1.0)	29.0
Life & Living	12.4	14.7	(2.3)	27.0
Services, Engineering and Others	6.5	4.0	2.5	12.0
Total	328.6	294.8	33.8	716.0

\* Q1 2004 figures adjusted to reflect the April 2005 transfer of Leona™ filament operations from Fibers to Chemicals.

## 2. Consolidated operating profit (loss)\*

(billions of yen)

	Q1 2005		Q1 2004		Increase (decrease)		First half FY 2005 forecast	
Chemicals†	[+0.6]	6.9	[+0.9]	5.1	[-0.3]	1.8	[+0.9]	19.0
Homes	[+0.3]	(1.9)	[+0.8]	(0.5)	[-0.5]	-1.4	[+0.6]	8.5
Pharma	[+0.1]	3.6	[+0.5]	4.5	[-0.4]	-0.8	[+0.1]	5.5
Fibers†	[+0.2]	0.9	[+0.3]	1.9	[-0.1]	-1.0	[+0.4]	2.5
Electronics Materials & Devices	[+0.1]	4.0	[+0.2]	5.7	[-0.2]	-1.7	[+0.0]	8.5
Construction Materials	[+0.0]	0.3	[+0.2]	0.3	[-0.2]	0.0	[+0.0]	1.5
Life & Living Services, Engineering and Others	[+0.1]	1.0	[+0.1]	1.5	[-0.0]	-0.5	[+0.1]	3.0
Corporate expenses and eliminations	[+0.1]	(1.9)	[+0.8]	(0.6)	[-0.8]	-1.3	[+0.1]	(2.0)
Consolidated	[+1.5]	13.6	[+3.8]	18.2	[-2.3]	-4.6	[+2.4]	47.5

\* Bracketed figures are amounts of amortization of actuarial differences arising in retirement allowances.

† Q1 2004 figures adjusted to reflect the April 2005 transfer of Leona™ filament operations from Fibers to Chemicals.

## 3. Contract trends for home construction operations

	Q1 2005	Q1 2004	Increase (decrease)	First half FY 2005 forecast
Value of orders received (¥ billion)	75.6	79.6	(4.0)	151.5
No. of orders received (home units)	3,239	3,647	(408)	6,796
Backlog of orders (¥ billion)	336.9	345.2	(8.3)	322.0
No. of sales (home units)	2,399	2,829	(430)	6,073
Value of sales (¥ billion)	48.7	53.4	(4.7)	139.5

## 4. Key operating factors

	Q1 2005	Q1 2004	Increase (decrease)	First half FY 2005 forecast
Naphtha price (yen/kL, domestic)	37,500	29,100	8,400	37,500
Yen/US\$ exchange rate (market average)	108	109	(1)	109