

Supplementary consolidated financial summary for the nine months ended December 31, 2004

Note: Billions of yen rounded to nearest one-tenth billion yen, unless otherwise indicated.

1. Consolidated statements of income

	FY 2003		FY 2004		Increase (decrease)		Percent change	
	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3
Net sales	318.5	904.6	352.5	1,011.8	34.0	107.2	+10.7	+11.9
Cost of sales	230.6	659.1	255.1	733.3	24.5	74.2	+10.6	+11.3
Selling, general and administrative expenses	66.0	200.8	62.9	188.8	(3.1)	(12.0)	□4.7	□6.0
Operating profit	22.0	44.6	34.5	89.7	12.6	45.0	+57.3	+100.8
<i>Absent amortization*</i>	<i>26.8</i>	<i>58.7</i>	<i>29.2</i>	<i>75.1</i>	<i>2.5</i>	<i>16.5</i>	<i>+9.2</i>	<i>+28.1</i>
Non-operating income and expenses	(1.3)	(5.9)	(1.6)	(1.4)	(0.3)	4.5	—	—
Of which, net equity in earnings (losses) of unconsolidated subsidiaries and affiliates	0.2	(0.0)	0.6	1.8	0.4	1.9	—	—
Ordinary profit	20.7	38.7	32.9	88.3	12.2	49.6	+59.2	+128.0
Special gains								
Gain on sale of property, plant and equipment	0.0	6.2	0.1	0.8	0.0	(5.4)	—	—
Other special gains	1.1	3.1	0.2	2.0	(1.0)	(1.2)	—	—
Total special gains	1.2	9.3	0.2	2.8	(1.0)	(6.5)	—	—
Special losses								
Loss on disposal of property, plant and equipment	0.3	2.7	0.6	5.5	0.3	2.7	—	—
Restructuring charges	2.3	4.2	0.5	12.1	(1.8)	8.0	—	—
Other special losses	0.1	0.3	—	0.3	(0.1)	(0.0)	—	—
Total special losses	2.7	7.2	1.1	17.9	(1.6)	10.7	—	—
Net special gains (losses)	(1.5)	2.1	(0.9)	(15.1)	0.6	(17.2)	—	—
Income before income taxes and minority interests	19.2	40.8	32.1	73.2	12.9	32.4	+67.1	+79.3
Income taxes	9.6	20.6	12.2	26.1	2.6	5.5	—	—
Minority interest in income of consolidated subsidiaries	(0.1)	(0.5)	(0.1)	(0.4)	(0.1)	0.0	—	—
Net income	9.5	19.8	19.8	46.7	10.3	26.9	+108.3	+135.9
Net income per share†	6.79	14.13	14.14	33.34				

* Operating profit prior to amortization of actuarial differences arising in retirement allowances.

†Yen.

2. Key operating factors

	FY 2003		FY 2004		H2 2004 forecast	FY 2004 forecast
	Q3	Q1–Q3	Q3	Q1–Q3		
Naphtha price (yen/kL, domestic)	24,300	25,000	35,000	31,800	33,600	31,900
Yen/US\$ exchange rate (market average)	109	115	106	109	105	108

3. Financial position

	At end of	March 2004	Dec. 2004	Increase
Total assets		1,249.2	1,320.8	71.6
Shareholders' equity		450.5	499.5	49.1
Interest bearing debt at end of term		278.3	285.8	7.5
D/E ratio		0.62	0.57	
Shareholders' equity per share†		321.41	356.68	

† Yen.

4. Consolidated net sales and operating profit by operating segment

4.1. Consolidated net sales by operating segment

	Q1–Q3 2003	Q1–Q3 2004	Increase (decrease)
Chemicals	329.0	415.3	86.3
Homes	244.5	259.0	14.5
Pharma	82.5	79.4	(3.2)
Fibers	76.9	78.3	1.5
Electronics Materials and Devices	60.4	70.9	10.6
Construction Materials	46.4	45.9	(0.6)
Life & Living	45.2	46.7	1.5
Services, Engineering and Others	19.7	16.3	(3.4)
Total	904.6	1,011.8	107.2
<i>Overseas sales</i>	<i>173.6</i>	<i>229.7</i>	<i>56.1</i>

4.2. Consolidated operating profit (loss) by operating segment*

	Q1-Q3 2003		Q1-Q3 2004		Increase (decrease)	Absent amortization†			
						Q1-Q3 2003	Q1-Q3 2004	Increase (decrease)	
Chemicals	[□4.1]	12.6	[+3.9]	33.2	[+8.0]	20.6	16.7	29.3	12.6
Homes	[□1.4]	10.1	[+2.5]	17.4	[+3.8]	7.3	11.5	15.0	3.5
Pharma	[□2.1]	11.8	[+1.7]	12.0	[+3.8]	0.2	13.9	10.3	(3.6)
Fibers	[□1.6]	1.2	[+1.5]	4.2	[+3.1]	3.0	2.7	2.6	(0.1)
Electronics Materials and Devices	[□0.8]	11.6	[+0.8]	14.5	[+1.6]	2.9	12.4	13.7	1.3
Construction Materials	[□1.1]	(1.2)	[+1.1]	2.4	[+2.2]	3.6	(0.2)	1.3	1.5
Life & Living	[□0.6]	5.4	[+0.6]	5.6	[+1.3]	0.2	6.0	4.9	(1.1)
Services, Engineering and Others	[□0.0]	1.1	[+0.0]	1.6	[+0.0]	0.5	1.1	1.6	0.5
Corporate expenses and eliminations	[□2.3]	(7.8)	[+2.5]	(1.2)	[+4.7]	6.7	(5.5)	(3.6)	1.9
Total	[□14.0]	44.6	[+14.5]	89.7	[+28.5]	45.0	58.7	75.1	16.5

* Effect of amortization of actuarial differences arising in retirement allowances shown in brackets.

† Operating profit (loss) prior to amortization of actuarial differences arising in retirement allowances.

5. Consolidated statements of cash flows

	FY 2003		FY 2004	
	Q3	Q1-Q3	Q3	Q1-Q3
a. Cash flows from operating activities	22.7	66.6	17.9	50.6
b. Cash flows from investing activities	(21.5)	(79.6)	(14.2)	(43.8)
c. Free cash flows [a+b]	1.2	(12.9)	3.7	6.9
d. Cash flows from financing activities	14.3	9.6	15.5	(3.6)
e. Effect of exchange rate changes on cash and cash equivalents	(0.4)	(0.4)	0.1	0.2
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	15.1	(3.7)	19.3	3.4
Cash and cash equivalents at beginning of term	60.5	79.3	56.5	70.9
Cash and cash equivalents held by newly consolidated subsidiaries	0.2	0.2	—	1.5
Cash and cash equivalents at end of term	75.7	75.7	75.9	75.9

6. Consolidated balance sheets

At end of	March 2004	Dec. 2004	Increase (decrease)
Assets section			
Current assets			
Cash on hand and in banks	70.7	75.9	5.2
Notes and accounts receivable, trade	235.2	265.0	29.8
Inventories	181.6	216.9	35.3
Other current assets	66.9	74.8	7.9
Total current assets	554.4	632.7	78.3
Fixed assets			
Tangible fixed assets	428.3	423.8	(4.5)
Intangible fixed assets	39.7	36.4	(3.3)
Investments and other assets	226.8	228.0	1.1
Total fixed assets	694.8	688.1	(6.7)
Total assets	1,249.2	1,320.8	71.6
Liabilities section			
Current liabilities	390.4	455.1	64.6
Long-term liabilities	402.4	360.1	(42.3)
Total liabilities	792.8	815.2	22.4
Minority interest in consolidated subsidiaries	6.0	6.1	0.1
Shareholders' equity			
Issued and outstanding	103.4	103.4	—
Capital surplus	79.4	79.4	0.0
Retained earnings	249.8	286.5	36.6
Others	34.5	47.2	12.7
Common stock in treasury, at cost	(16.7)	(16.9)	(0.3)
Total shareholders' equity	450.5	499.5	49.1
Total liabilities, minority interest and shareholders' equity	1,249.2	1,320.8	71.6

7. Consolidated forecast for fiscal year 2004

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.

7.1. Consolidated operating performance

	Previous forecast {a}	H1 2004	Q3 2004	Revised forecast		Increase (decrease) {a} □ {b}
				H2 2004	FY 2004 {b}	
Net sales	1,388.0	659.3	352.5	720.8	1,380.0	(8.0)
Operating profit	115.0	55.1	34.5	59.9	115.0	—
<i>Absent amortization*</i>	<i>94.8</i>	<i>45.9</i>	<i>29.2</i>	<i>48.9</i>	<i>94.8</i>	—
Ordinary profit	112.0	55.3	32.9	56.7	112.0	—
Net income	56.0	26.9	19.8	29.1	56.0	—

* Prior to amortization of actuarial differences arising in retirement allowances.

7.2. Consolidated net sales by operating segment

	Previous forecast {a}	H1 2004	Q3 2004	Revised forecast		Increase (decrease) {a} □ {b}
				H2 2004	FY 2004 {b}	
Chemicals	552.0	267.9	147.4	286.1	554.0	2.0
Homes	383.0	167.3	91.8	210.7	378.0	(5.0)
Pharma	107.0	52.8	26.6	52.3	105.0	(2.0)
Fibers	106.0	51.4	27.0	53.7	105.0	(1.0)
Electronics Materials and Devices	96.0	48.1	22.8	44.9	93.0	(3.0)
Construction Materials	57.0	30.1	15.7	29.9	60.0	3.0
Life & Living	62.0	30.5	16.2	29.5	60.0	(2.0)
Services, Engineering and Others	25.0	11.3	5.0	13.7	25.0	—
Total	1,388.0	659.3	352.5	720.8	1,380.0	(8.0)

7.3. Consolidated operating profit by operating segment*

	Previous forecast {a}		H1 2004		Q3 2004		Revised forecast				Increase (decrease) {a} □ {b}	
							H2 2004	FY 2004 {b}				
Chemicals	[+5.6]	36.5	[+2.4]	20.4	[+1.5]	12.8	[+3.2]	20.2	[+5.6]	40.5	[-]	4.0
Homes	[+3.3]	32.5	[+1.6]	9.0	[+0.8]	8.4	[+1.7]	21.4	[+3.3]	30.5	[-]	(2.0)
Pharma	[+2.4]	14.0	[+1.1]	7.1	[+0.6]	4.9	[+1.3]	6.4	[+2.4]	13.5	[-]	(0.5)
Fibers	[+2.2]	6.0	[+0.9]	2.8	[+0.6]	1.4	[+1.3]	2.2	[+2.2]	5.0	[-]	(1.0)
Electronics Materials and Devices	[+1.1]	18.0	[+0.5]	10.7	[+0.3]	3.8	[+0.6]	5.8	[+1.1]	16.5	[-]	(1.5)
Construction Materials	[+1.5]	2.0	[+0.7]	1.5	[+0.4]	0.9	[+0.8]	1.0	[+1.5]	2.5	[-]	0.5
Life & Living	[+0.9]	6.5	[+0.4]	2.9	[+0.2]	2.6	[+0.5]	3.6	[+0.9]	6.5	[-]	-
Services, Engineering and Others	[+0.0]	2.5	[+0.0]	0.8	[+0.0]	0.8	[+0.0]	1.7	[+0.0]	2.5	[-]	-
Corporate expenses and eliminations	[+3.3]	(3.0)	[+1.7]	(0.1)	[+0.8]	(1.1)	[+1.6]	(2.5)	[+3.3]	(2.5)	[-]	0.5
Total	[+20.2]	115.0	[+9.2]	55.1	[+5.3]	34.5	[+11.0]	59.9	[+20.2]	115.0	[-]	-

* Effect of amortization of actuarial differences arising in retirement allowances shown in brackets.

7.4. Consolidated operating profit absent amortization* by operating segment

	Previous forecast {a}		H1 2004		Q3 2004		Revised forecast		Increase (decrease) {a} □ {b}	
							H2 2004	FY 2004 {b}		
Chemicals	31.0	18.0	11.3	17.0	35.0	4.0				
Homes	29.2	7.4	7.5	19.7	27.2	(2.0)				
Pharma	11.6	6.0	4.3	5.1	11.1	(0.5)				
Fibers	3.8	1.9	0.8	0.9	2.8	(1.0)				
Electronics Materials and Devices	16.8	10.1	3.5	5.2	15.4	(1.5)				
Construction Materials	0.5	0.8	0.5	0.2	1.0	0.5				
Life & Living	5.6	2.5	2.4	3.1	5.6	-				
Services, Engineering and Others	2.5	0.8	0.8	1.7	2.5	-				
Corporate expenses and eliminations	(6.3)	(1.7)	(1.9)	(4.1)	(5.8)	0.5				
Total	94.8	45.9	29.2	48.9	94.8	-				

* Operating profit prior to amortization of actuarial differences arising in retirement allowances.

8. Sales and order trends for housing operations (Percent change from same period of previous year on lower line)

	FY 2000		FY 2001		FY 2002		FY 2003			FY 2004		Full year forecast
	First half	Full year	First half	Full year	First half	Full year	First half	Third quarter	Full year	First half	Third quarter	
Sales of order-built homes	147.3	313.9	144.7	289.6	121.9	263.3	121.2	76.8	281.1	138.9	77.0	311.6
	+5.1	+1.4	□1.8	□7.7	□15.8	□9.1	□0.6	+51.7	+6.8	+14.6	+0.3	+10.8
Sales of pre-built homes	9.3	19.7	7.5	16.5	6.5	16.7	5.3	9.4	36.0	6.6	3.8	21.5
	+32.9	+23.1	□19.4	□16.2	□13.3	+1.2	□18.5	+184.8	+117.0	+25.3	□59.7	□40.1
Other sales*	—	—	—	—	—	—	0.5	0.3	1.1	0.5	0.3	1.0
	—	—	—	—	—	—	—	—	—	+12.9	□5.7	□10.9
Total sales	156.6	333.6	152.3	306.2	128.4	280.0	126.9	86.5	318.2	146.0	81.1	334.1
	+6.4	+2.5	□2.7	□8.2	□15.7	□8.6	□1.3	+60.2	+13.5	+15.0	□6.2	+5.0
Value of new orders during the period	156.3	299.6	141.7	273.0	139.3	289.3	161.4	70.7	318.1	153.1	64.1	299.5
	+0.3	□5.3	□9.3	□8.9	□1.7	+6.0	+15.9	+2.2	+9.9	□5.1	□9.4	□5.9
Value of outstanding orders at end of period	295.8	272.6	269.5	255.9	273.3	282.0	322.2	315.8	319.0	333.2	320.3	306.9

* Other sales including commissions on property insurance are accounted separately beginning with FY 2003.

9. Sales trends and product pipeline for pharmaceuticals operations

9.1. Asahi Kasei Pharma Corporation sales

	FY 2003		FY 2004		Increase (decrease)		FY 2003	FY 2004 forecast
	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3		
Consolidated	28.6	82.5	26.6	79.4	(2.0)	(3.1)	106.0	105.0
Non-consolidated	17.0	48.3	16.0	46.8	(1.0)	(1.5)	60.9	61.2
<i>Of which, pharmaceuticals</i>	<i>14.2</i>	<i>38.8</i>	<i>13.2</i>	<i>37.0</i>	<i>(1.0)</i>	<i>(1.8)</i>	<i>49.3</i>	<i>48.8</i>
<i>Others</i>	<i>2.8</i>	<i>9.1</i>	<i>2.8</i>	<i>9.8</i>	<i>(0.0)</i>	<i>0.7</i>	<i>11.6</i>	<i>12.4</i>

9.2. Domestic sales of main pharmaceutical products

	FY 2003		FY 2004		Increase (decrease)	
	Q3	Q1-Q3	Q3	Q1-Q3	Q3	Q1-Q3
Elcitonin™	5.3	15.3	4.2	12.6	(1.1)	(2.7)
Bredinin™	1.8	5.1	1.7	4.9	(0.1)	(0.2)
Flivas™	2.1	5.5	2.2	6.1	0.1	0.6
Toledomin™	1.4	3.5	1.5	4.2	0.1	0.7
Exacin™	0.4	1.2	0.4	1.1	(0.0)	(0.1)
Ricamycin™	0.4	0.8	0.3	0.7	(0.1)	(0.2)
Eril™	0.5	1.1	0.4	1.1	(0.0)	(0.0)

9.3. Pharmaceutical product pipeline

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
Phase II	AT-877 (oral)	New dosage form	Rho-kinase inhibitor	Angina pectoris
	AP-521 (oral)	New molecular entity	5HTA1 receptor ligand	Anxiety
Phase II (overseas)	ART-123 (injection)	New biologic	Recombinant human thrombomodulin	Deep vein thrombosis