

Fiscal 2009 Financial Results

– supplementary financial summary –

May 10, 2010

Asahi Kasei Corporation

Consolidated results for FY 2009

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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 2009

Summary of financial results (i)

(¥ billion)

	FY 2008	FY 2009		FY 2009 vs FY 2008		Actual vs forecast	
		Actual	Forecast in Feb	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,553.1	1,433.6	1,432.0	(119.5)	-7.7%	1.6	+0.1%
Operating income	35.0	57.6	53.0	22.7	+64.8%	4.6	+8.7%
Ordinary income	32.5	56.4	51.5	23.9	+73.4%	4.9	+9.5%
Net income	4.7	25.3	23.0	20.5	+433.0%	2.3	+9.9%

At closing	FY 2008	FY 2009	Increase (decrease)
Total assets	1,379.3	1,368.9	(10.4)
Equity	603.8	633.3	29.5
Interest-bearing debt	315.6	264.6	(51.0)
Debt/equity ratio	0.52	0.42	(0.10)

Summary of financial results (ii)

	FY 2008	FY 2009
Net income per share (EPS)	¥3.39	¥18.08
Dividends per share	¥10	¥10
Payout ratio	295.0%	55.3%
Net income per total assets (ROA)	0.3%	1.8%
Net income per shareholders' equity (ROE)	0.7%	4.1%
Shareholders' equity per share (BPS)	¥431.77	¥452.91

Scope of consolidation

Number of consolidated subsidiaries	103	98
Number of unconsolidated subsidiaries and affiliate companies for which the equity method is applied	51	49

Key operating factors

Naphtha price (¥/kL, domestic)	58,925	41,175
¥/US\$ exchange rate (market average)	101	93

Employees at year end	24,244	25,085
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Statements of income

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(¥ billion)

	FY 2008		FY 2009		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,553.1	100.0%	1,433.6	100.0%	(119.5)	-7.7%
Cost of sales	1,237.8	79.7%	1,100.7	76.8%	(137.1)	-11.1%
Gross profit	315.3	20.3%	332.9	23.2%	17.6	+5.6%
Selling, general and administrative expenses	280.3	18.0%	275.3	19.2%	(5.0)	-1.8%
Operating income	35.0	2.3%	57.6	4.0%	22.7	+64.8%
Non-operating income (expenses)	(2.5)		(1.3)		1.2	
of which,						
financing income and expense	(0.7)		(0.4)		0.3	
equity in earnings of affiliates	0.8		1.2		0.3	
Ordinary income	32.5	2.1%	56.4	3.9%	23.9	+73.4%
Extraordinary income (loss)	(13.5)		(10.3)		3.2	
Income before income taxes	19.0	1.2%	46.1	3.2%	27.0	+142.0%
Income taxes	(13.7)		(20.5)		(6.8)	
Minority interest in income (loss)	(0.6)		(0.3)		0.3	
Net income	4.7	0.3%	25.3	1.8%	20.5	+433.0%

Financing activity

Net financing expenses

(¥ billion)

	FY 2008	FY 2009	Increase (decrease)
Interest expenses	(4.3)	(3.7)	0.6
Interest income	1.0	1.1	0.0
Dividends income	2.6	2.3	(0.3)
Others	(0.1)	(0.1)	(0.0)
Total	(0.7)	(0.4)	0.3

Interest-bearing debt

	FY 2008	FY 2009	Increase (decrease)
At closing			
Short-term loans payable	100.8	94.0	(6.8)
Commercial paper	55.0	19.0	(36.0)
Long-term loans payable	132.5	121.9	(10.6)
Bonds payable	25.0	25.0	–
Lease obligations	2.3	4.7	2.4
Total	315.6	264.6	(51.0)

Extraordinary income and loss

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(¥ billion)

	FY 2008	FY 2009	Increase (decrease)
Extraordinary income			
Gain on sale of investment securities	0.0	0.1	0.1
Gain on sale of property, plant and equipment	0.5	0.2	(0.4)
Gain on change in equity	—	0.2	0.2
Gain on arbitration award*	—	6.5	6.5
Total extraordinary income	0.5	6.9	6.4
Extraordinary loss			
Loss on sale of investment securities	0.1	—	(0.1)
Loss on valuation of investment securities	0.7	1.9	1.2
Loss on disposal of noncurrent assets	5.9	2.9	(3.0)
Impairment loss	0.3	0.8	0.5
Environmental expenses	1.9	1.5	(0.5)
Business structure improvement expenses	5.0	10.0	5.0
Total extraordinary loss	14.0	17.2	3.2
Net extraordinary income (loss)	(13.5)	(10.3)	3.2

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

FY 2009 vs FY 2008 sales and operating income by segment*

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(¥ billion)

	Sales			Operating income			FY 09 forecast in Feb	
	FY 2008†	FY 2009	Increase (decrease)	FY 2008†	FY 2009	Increase (decrease)	Sales	Operating income
Chemicals	689.3	622.1	(67.2)	(6.5)	26.1	32.6	611.0	23.5
Homes	409.9	389.7	(20.2)	21.9	25.3	3.5	393.0	23.5
Health Care	119.6	113.2	(6.4)	12.0	4.0	(8.0)	116.0	7.0
Fibers	116.4	101.2	(15.2)	(1.5)	(2.8)	(1.3)	101.0	(3.0)
Electronics	129.7	142.7	13.0	7.3	7.2	(0.0)	144.0	6.5
Construction Materials	60.9	47.0	(13.9)	1.7	1.2	(0.5)	47.0	1.0
Services, Engineering and Others	27.3	17.6	(9.7)	5.6	1.8	(3.8)	20.0	1.5
Corporate Expenses and Eliminations	—	—	—	(5.5)	(5.3)	0.2	—	(7.0)
Total	1,553.1	1,433.6	(119.5)	35.0	57.6	22.7	1,432.0	53.0

* The following segments were renamed in FY2009:

(Previously) Pharma (Renamed to) Health Care
 Electronics Materials & Devices Electronics

† FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Overseas sales by segment

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(¥ billion)

	FY 2008*			FY 2009			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	689.3	266.5	38.7%	622.1	243.7	39.2%	(22.8)	-8.5%
Homes	409.9	—	—	389.7	—	—	—	—
Health Care	119.6	29.1	24.4%	113.2	25.2	22.3%	(3.9)	-13.4%
Fibers	116.4	36.3	31.2%	101.2	33.1	32.7%	(3.2)	-8.8%
Electronics	129.7	56.3	43.4%	142.7	66.4	46.5%	10.1	+17.9%
Construction Materials	60.9	—	—	47.0	—	—	—	—
Services, Engineering and Others	27.3	5.7	20.9%	17.6	1.9	10.9%	(3.8)	-66.4%
Total	1,553.1	394.0	25.4%	1,433.6	370.4	25.8%	(23.6)	-6.0%
Sales to East Asia [†]		233.2	15.0%		237.3	16.6%	4.1	+1.7%

Sales, excluding Homes
and Construction Materials

1,082.3 394.0 36.4% 996.8 370.4 37.2%

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

† China, Korea, and Taiwan.

Sales increases/decreases by segment, FY 2009 vs FY 2008

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(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	FY 2008*	FY 2009	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	689.3	622.1	(17.9)	(76.2)	(7.9)	26.9	(67.2)
Homes	409.9	389.7	(24.7)	2.0	–	2.6	(20.2)
Health Care	119.6	113.2	2.7	(2.1)	(1.5)	(7.1)	(6.4)
Fibers	116.4	101.2	(6.7)	(8.5)	(2.2)	0.0	(15.2)
Electronics	129.7	142.7	22.6	(18.2)	(3.2)	8.7	13.0
Construction Materials	60.9	47.0	(15.2)	1.3	–	0.0	(13.9)
Services, Engineering and Others	27.3	17.6	(9.7)	0.0	0.0	0.0	(9.7)
Total	1,553.1	1,433.6	(48.9)	(101.7)	(14.9)	31.0	(119.5)

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Operating income increases/decreases by segment, FY 2009 vs FY 2008

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(¥ billion)

	Operating income		Increase (decrease) due to:				Net increase (decrease)
	FY 2008*	FY 2009	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	(6.5)	26.1	(1.4)	(76.2)	(7.9)	110.2	32.6
Homes	21.9	25.3	(9.3)	2.0	–	10.8	3.5
Health Care	12.0	4.0	2.4	(2.1)	(1.5)	(8.4)	(8.0)
Fibers	(1.5)	(2.8)	(1.0)	(8.5)	(2.2)	8.2	(1.3)
Electronics	7.3	7.2	10.8	(18.2)	(3.2)	7.4	(0.0)
Construction Materials	1.7	1.2	(4.1)	1.3	–	2.4	(0.5)
Services, Engineering and Others	5.6	1.8	(3.7)	0.0	0.0	(0.1)	(3.8)
Corporate Expenses and Eliminations	(5.5)	(5.3)	–	–	–	0.2	0.2
Total	35.0	57.6	(6.3)	(101.7)	(14.9)	130.7	22.7

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Sales increases/decreases by segment, H2 FY 2009 vs FY 2008

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(¥ billion)

	Sales		Increase (decrease) due to:				Net increase (decrease)
	H2 2008*	H2 2009	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	267.2	328.8	37.0	(5.2)	(2.6)	29.9	61.6
Homes	239.6	232.0	(11.2)	0.4	–	3.3	(7.6)
Health Care	56.8	56.9	(0.3)	0.2	(0.0)	0.2	0.1
Fibers	52.3	52.5	4.0	(3.8)	(0.7)	0.0	0.2
Electronics	51.0	74.2	30.6	(11.6)	(1.9)	4.2	23.2
Construction Materials	29.6	22.4	(7.5)	0.3	–	0.0	(7.2)
Services, Engineering and Others	13.4	8.0	(5.4)	0.0	0.0	0.0	(5.4)
Total	709.9	774.9	47.2	(19.7)	(5.2)	37.5	65.0

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Operating income increases/decreases by segment, H2 FY 2009 vs FY 2008

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(¥ billion)

	Operating income		Increase (decrease) due to:				Net increase (decrease)
	H2 2008*	H2 2009	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others	
Chemicals	(19.6)	14.6	4.9	(5.2)	(2.6)	34.5	34.2
Homes	18.8	21.2	(4.3)	0.4	–	6.2	2.4
Health Care	1.9	0.6	(0.4)	0.2	(0.0)	(1.1)	(1.3)
Fibers	(2.8)	0.1	1.0	(3.8)	(0.7)	5.7	2.9
Electronics	(5.4)	4.4	12.4	(11.6)	(1.9)	8.9	9.8
Construction Materials	0.8	0.6	(1.6)	0.3	–	1.1	(0.2)
Services, Engineering and Others	2.6	0.8	(1.7)	0.0	0.0	(0.1)	(1.8)
Corporate Expenses and Eliminations	(1.5)	(2.6)	–	–	–	(1.1)	(1.1)
Total	(5.2)	39.7	10.4	(19.7)	(5.2)	54.1	44.8

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

Balance sheets

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(¥ billion)

	At end of Mar 2009	At end of Mar 2010	Increase (decrease)		At end of Mar 2009	At end of Mar 2010	Increase (decrease)
Current assets	682.2	660.4	(21.8)	Liabilities	768.0	724.2	(43.8)
Cash and deposits	98.0	93.9	(4.0)	Current liabilities	487.9	434.8	(53.1)
Notes and accounts receivable, trade	208.9	238.9	30.1	Noncurrent liabilities	280.1	289.4	9.3
Inventories	273.5	251.1	(22.5)	Net assets	611.4	644.7	33.3
Other current assets	101.8	76.5	(25.4)	Shareholders' equity	599.1	612.9	13.7
Noncurrent assets	697.1	708.5	11.4	Capital stock	103.4	103.4	—
Property, plant and equipment	441.3	447.5	6.2	Capital surplus	79.4	79.4	(0.0)
Intangible fixed assets	37.4	34.7	(2.7)	Retained earnings	418.3	432.1	13.8
Investments and other assets	218.5	226.3	7.9	Treasury stock	(1.9)	(2.0)	(0.1)
				Valuation and translation adjustments	4.7	20.5	15.7
				Minority interest	7.5	11.3	3.8
Total assets	1,379.3	1,368.9	(10.4)	Total liabilities and net assets	1,379.3	1,368.9	(10.4)

Cash flows

(¥ billion)

	FY 2008	FY 2009
a. Net cash provided by (used in) operating activities	68.8	169.3
b. Net cash provided by (used in) investing activities	(135.7)	(100.2)
c. Free cash flows [a+b]	(66.9)	69.1
d. Net cash provided by (used in) financing activities	87.3	(75.1)
e. Effect of exchange rate changes on cash and cash equivalents	(5.4)	0.6
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	15.1	(5.3)
g. Cash and cash equivalents at beginning of period	83.0	98.1
h. Increase in cash and cash equivalents resulting from change of scope of consolidation	–	0.4
i. Cash and cash equivalents at end of period [f+g+h]	98.1	93.1

Primary investments

(¥ billion)

	FY 2008	FY 2009
Capital expenditures (tangible)	104.3	77.9
Capital expenditures (intangible)	22.4	6.1
Total	126.7	84.0
Depreciation and amortization	79.4	87.3
R&D expenditures	60.8	62.9

Forecast for Fiscal Year 2010

Consolidated operating performance

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(¥ billion)

	FY 2008	FY 2009			FY 2010 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,553.1	658.6	774.9	1,433.6	792.0	885.0	1,677.0	243.4
Operating income	35.0	18.0	39.7	57.6	31.5	48.5	80.0	22.4
Ordinary income	32.5	15.1	41.3	56.4	31.0	46.5	77.5	21.1
Net income	4.7	4.2	21.0	25.3	13.0	29.5	42.5	17.2

Naphtha price (¥/kL, domestic)	58,925	37,250	45,100	41,175	50,000	50,000	50,000	8,825
¥/US\$ exchange rate (market average)	101	95	90	93	90	90	90	(3)

	FY 2008	FY 2009	FY 2010
Dividends per share	¥10	¥10	¥10 (planned)
Payout ratio	295.0%	55.3%	32.9%

Sales forecast by segment

(¥ billion)

	FY 2009			FY 2010 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	293.3	328.8	622.1	391.0	407.0	798.0	175.9
Homes	157.7	232.0	389.7	176.0	240.0	416.0	26.3
Health Care	56.3	56.9	113.2	59.0	64.0	123.0	9.8
Fibers	48.7	52.5	101.2	51.0	54.0	105.0	3.8
Electronics	68.5	74.2	142.7	81.0	86.0	167.0	24.3
Construction Materials	24.6	22.4	47.0	25.0	25.0	50.0	3.0
Services, Engineering and Others	9.6	8.0	17.6	9.0	9.0	18.0	0.4
Consolidated	658.6	774.9	1,433.6	792.0	885.0	1,677.0	243.4

Operating income forecast by segment

(¥ billion)

	FY 2009			FY 2010 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	11.5	14.6	26.1	15.5	13.0	28.5	2.4
Homes	4.1	21.2	25.3	7.0	22.0	29.0	3.7
Health Care	3.4	0.6	4.0	3.5	5.5	9.0	5.0
Fibers	(2.9)	0.1	(2.8)	0.5	1.5	2.0	4.8
Electronics	2.8	4.4	7.2	7.5	8.5	16.0	8.8
Construction Materials	0.6	0.6	1.2	1.0	1.0	2.0	0.8
Services, Engineering and Others	1.0	0.8	1.8	0.5	1.0	1.5	(0.3)
Corporate Expenses and Eliminations	(2.6)	(2.6)	(5.3)	(4.0)	(4.0)	(8.0)	(2.7)
Consolidated	18.0	39.7	57.6	31.5	48.5	80.0	22.4

Forecast by segment

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(¥ billion)

Segment		FY 09	FY 10 forecast	Outlook
Chemicals	Sales	622.1	798.0	Deterioration in terms of trade with increased feedstock prices, but increased shipments mainly in overseas sales of both volume products (chemicals and derivative products and polymer products) and specialty products. Sales and operating income increase in Chemicals overall.
	Operating income	26.1	28.5	
Homes	Sales	389.7	416.0	Increased deliveries of order-built homes due to increased orders in FY 09. Effect of cost reductions. Sales and operating income increase.
	Operating income	25.3	29.0	
Health Care	Sales	113.2	123.0	Pharmaceuticals: Decreased sales prices due to NHI price reduction. Increased sales volume of Reomodulin™ recombinant thrombomodulin and other products. Devices: Increased shipments of APS™ and Planova™ in export. Sales and operating income increase in Health Care overall.
	Operating income	4.0	9.0	
Fibers	Sales	101.2	105.0	Impact of higher feedstock prices. Increased product prices. Increased shipments of Roica™, Bemberg™, spunbond, and Leona™. Effect of business restructuring in FY09. Sales increase and profitability improvement.
	Operating income	(2.8)	2.0	
Electronics	Sales	142.7	167.0	Increased shipments with improved market conditions both in electronic materials and electronic devices. Concerted execution of cost reduction. Sales and operating income increase in Electronics overall.
	Operating income	7.2	16.0	
Construction Materials	Sales	47.0	50.0	Decreased shipments of Hebel™ and other products due to depressed construction demand. Development of new applications for foundation systems. In building materials and housing materials, sales expansion for new structural system products. Cost reduction with optimization of production configuration. Sales and operating income increase.
	Operating income	1.2	2.0	

Appendix

Quarterly sales by segment

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(¥ billion)

	FY2008*				FY2009				FY2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	195.0	227.2	156.7	110.4	132.9	160.3	159.0	169.8	391.0	407.0
Homes	63.7	106.6	112.1	127.5	58.5	99.2	96.0	136.0	176.0	240.0
Health Care	34.6	28.2	29.6	27.2	28.5	27.8	29.6	27.3	59.0	64.0
Fibers	30.7	33.4	28.1	24.2	22.4	26.3	25.9	26.6	51.0	54.0
Electronics	39.6	39.1	31.2	19.8	31.5	37.0	37.4	36.8	81.0	86.0
Construction Materials	14.7	16.6	16.7	12.9	11.6	13.0	12.4	10.1	25.0	25.0
Services, Engineering and Others	7.7	6.2	5.4	8.0	3.9	5.7	3.8	4.3	9.0	9.0
Total	386.0	457.2	379.8	330.1	289.3	369.3	364.1	410.9	792.0	885.0

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.

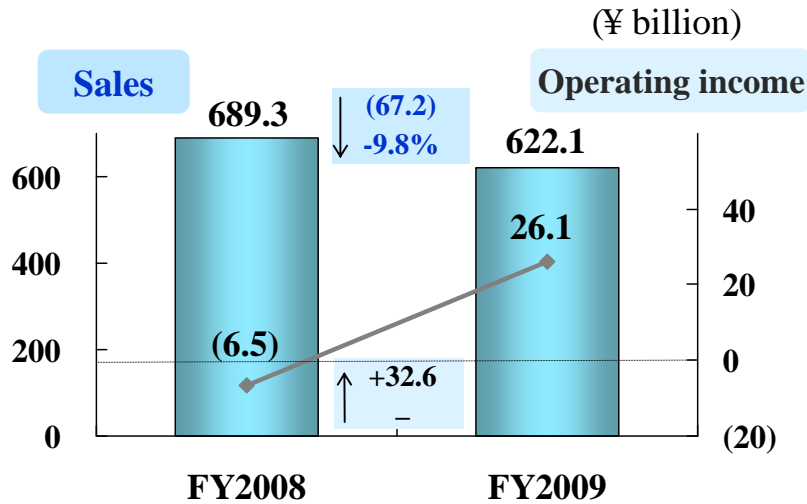
Quarterly operating income by segment **AsahiKASEI**

(¥ billion)

	FY2008*				FY2009				FY2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	6.2	6.9	(2.3)	(17.3)	2.2	9.3	10.3	4.2	15.5	13.0
Homes	(3.7)	6.8	7.7	11.1	(3.0)	7.1	6.7	14.5	7.0	22.0
Health Care	9.0	1.2	2.8	(0.9)	3.1	0.3	2.9	(2.3)	3.5	5.5
Fibers	1.1	0.2	(0.5)	(2.2)	(1.5)	(1.4)	(0.0)	0.1	0.5	1.5
Electronics	6.8	5.8	1.2	(6.6)	(0.6)	3.4	2.6	1.8	7.5	8.5
Construction Materials	0.3	0.5	1.0	(0.2)	(0.0)	0.6	1.1	(0.5)	1.0	1.0
Services, Engineering and Others	1.3	1.8	1.0	1.5	0.4	0.6	0.1	0.7	0.5	1.0
Corporate Expenses and Eliminations	(1.6)	(2.4)	(1.1)	(0.5)	(1.0)	(1.7)	(1.7)	(0.9)	(4.0)	(4.0)
Total	19.4	20.7	9.9	(15.1)	(0.3)	18.3	22.0	17.7	31.5	48.5

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows:

- Transfer of R&D for electronics materials such as Marketing Center for FPC/FPD Materials from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins, and other related operations from Chemicals to Electronics.
- Transfer of Leona™ filament operations from Chemicals to Fibers.



Review of operations

Sales decrease due to lower market price mainly in volume products, but recovery of operating income with improved terms of trade in monomer products.

Volume products:

Chemicals and derivative products

Sales decrease, but operating income increase. Low market prices and shipments during H1. Rapid improvement in terms of trade for acrylonitrile and adipic acid with recovering demand in China and other Asian markets from H2. Reduced inventory valuation loss.

Polymer products

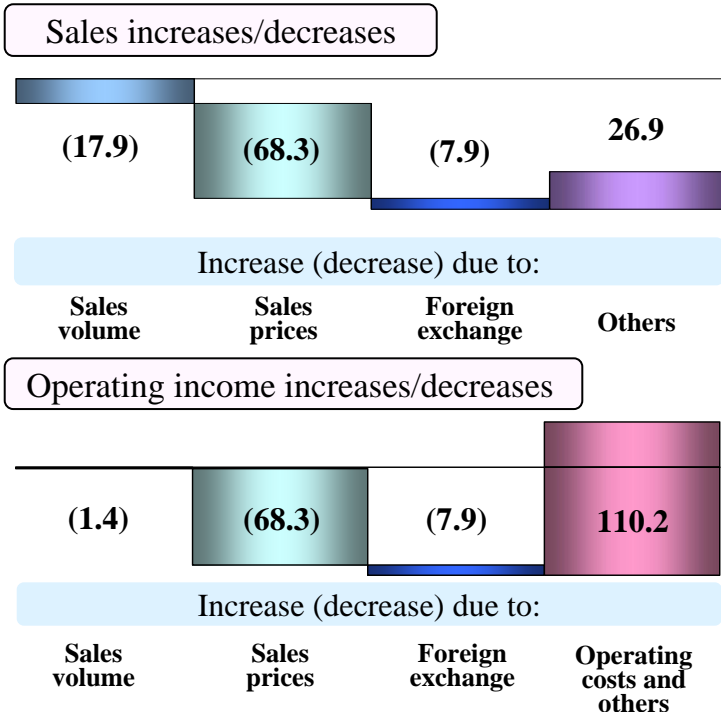
Sales decrease, but flat operating income. Low market prices due to decreased feedstock prices. Increase in shipment volumes reflecting a recovery of demand in automobile and electronics applications in H2. Reduced inventory valuation loss.

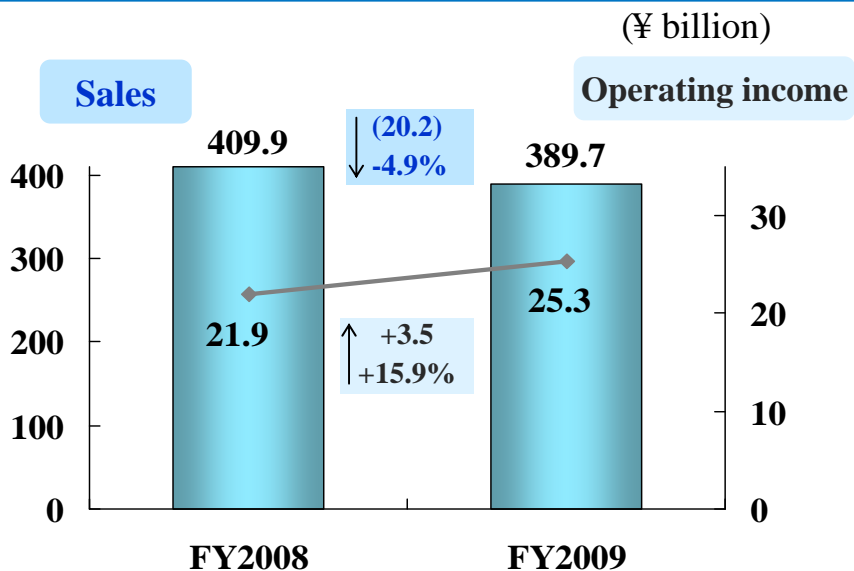
Specialty products:

Sales decrease, but operating income increase. Sluggish recovery in water-treatment related business. Impact of the strong yen on ion-exchange membrane related business. Good performance both in home-use products such as Saran Wrap™ and in coating materials. Steady performance in functional additives.

Highlights

- April, decision to construct new power generation facility using wood biomass fuel.
- June, announcement of study for unification of naphtha cracker operations in Mizushima with Mitsubishi Chemical Holdings Corp.
- June, Microza™ MF hollow-fiber membranes selected for large-scale waterworks facility in the Philippines—to be one of the largest membrane-filtration water-treatment facilities in Asia.
- August, agreement for transfer of all shares held by Mitsubishi Chemical Corp. in PS Japan Corp. to Asahi Kasei Chemicals and Idemitsu Kosan Co., Ltd.; PS Japan becoming a consolidated subsidiary of Asahi Kasei Chemicals in Oct. 2009.
- February, decision to close Yokkaichi Plant of PS Japan Corp. at the end of March 2011.
- March, market launch of submerged membrane module for high-turbidity feed water.





Review of operations

Order-built and pre-built homes:

- Sales decrease, but operating income increase. Substantial decline in deliveries of order-built Hebel Haus™ unit homes. Large cost reductions and other measures to heighten operating efficiency.
- Relatively firm performance under the challenging housing market. Value of home orders increasing 5.4% from a year ago.

Housing-related operations:

Sales increase, but operating income decrease. Steady performance in remodeling and real estate operations. Slack performance in financing operations.

Highlights

- May, launch of Smart Hebel Haus™ high-performance/simple structure homes in affordable price range.
- July, launch of Dura-Photo™ high-durability and high-performance photocatalyst paint developed jointly with Asahi Kasei Corp. and Asahi Kasei Chemicals Corp.
- August, launch of Hebel Haus Shindaichi Premium™ homes targeting market for rebuilding.
- November, Sekisui Chemical joins material procurement alliance with Sumitomo Forestry, Mitsui Home, and Asahi Kasei Homes.
- December, launch of “+NEST” lifestyle package with advanced functionality for raising children.
- January, launch of Hebel Haus™ Frex “G3” three-story houses featuring enhanced flexibility in design and next-generation energy conservation performance.

Results by product category*

(¥ billion)

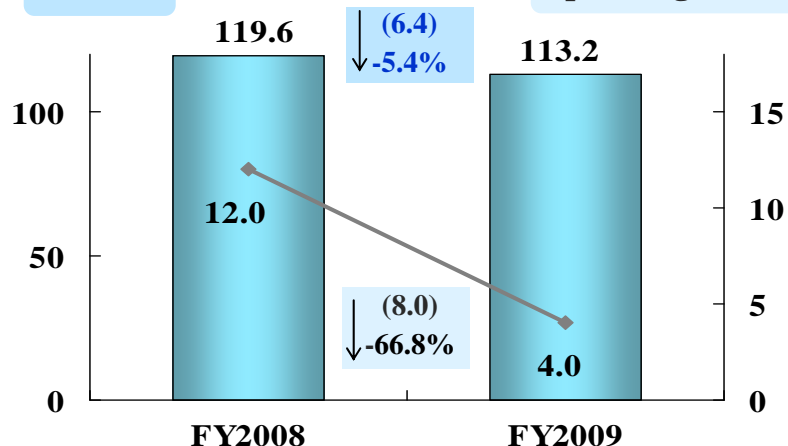
	FY 2008		FY 2009		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes	307.3	/	282.3	/	(24.9)	/
Pre-built homes	29.9		32.1		2.2	
Others	1.5		1.9		0.4	
Total homes	338.7	15.4	316.4	19.2	(22.3)	3.8
Housing-related	71.2	6.5	73.4	6.2	2.2	(0.3)
Total	409.9	21.9	389.7	25.3	(20.2)	3.5

* Product category division unaudited, simplified calculation.

(¥ billion)

Sales

Operating income



Sales increases/decreases

2.7	(0.6)	(1.5)	(7.1)
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Increase (decrease) due to:

Sales volume	Sales prices	Foreign exchange	Others
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Operating income increases/decreases

2.4	(0.6)	(1.5)	(8.4)
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Increase (decrease) due to:

Sales volume	Sales prices	Foreign exchange	Operating costs and others
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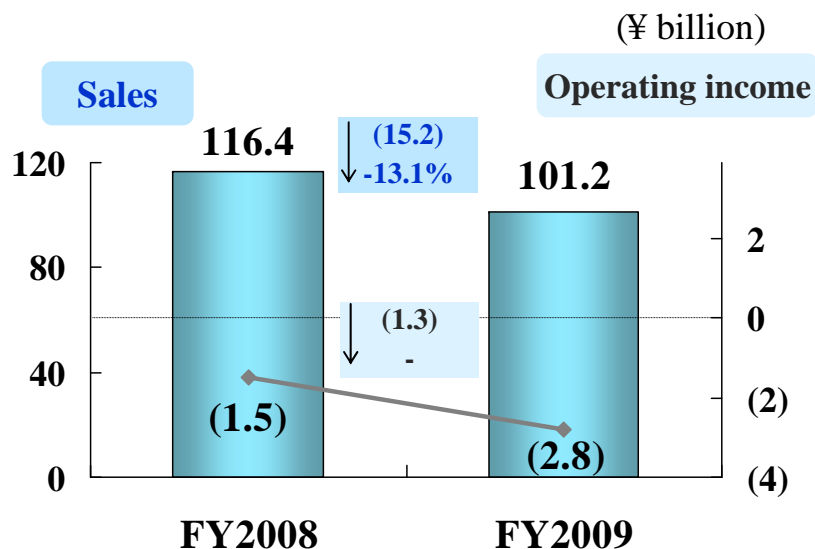
Review of operations

Pharmaceuticals: Sales and operating income decrease. Increased shipments of Flivas™ agent for treatment of benign prostatic hyperplasia and Elcitonin™ calcitonin formulation contributing to sales increase. Substantial decrease in licensing income.

Devices: Sales and operating income decrease. Increased shipments of APS™ polysulfone-membrane artificial kidneys and Sepacell™ leukocyte reduction filters mainly in export. Significant impact of the strong yen on each product. Increased capital depreciation.

Highlights

- April, completion of new hollow-fiber spinning plant for Planova™.
- April, license agreement for development and sale of Flivas™ in Korea.
- April, completion of new plant for Sepacell™.
- May, decision to withdraw from fine chemicals business, such as production and sale of coenzyme Q10.
- May, conclusion of agreement for business alliance with NxStage Medical, Inc., a home dialysis systems company.
- June, market launch of Planova™ BioEX, specifically designed virus removal filters for biopharmaceuticals processing.
- September, decision to construct a new plant for therapeutic apheresis devices; completion of transfer of production equipment in Mar. 2011.
- September, decision to acquire all shares of Med-tech Inc.; becoming a consolidated subsidiary of Asahi Kasei Kuraray Medical in Oct. 2009.
- November, start-up of medical device sales subsidiary in Korea.
- December, final ruling issued in arbitration regarding breach of license agreement for CoTherix to develop and commercialize fasudil, a rho-kinase inhibitor; the arbitration panel ordered CoTherix to pay US\$91 million in compensation; ¥6.5 billion recorded as extraordinary income in Q3 FY09.
- December, decision to integrate US-based Planova™ virus removal filter and bioprocess equipment businesses in North America into a single bioprocess business entity, Asahi Kasei Bioprocess; start-up in Jan. 2010.
- March, license agreement for glaucoma drug (AK138).



Review of operations

Roica™ elastic polyurethane filament:

Sales and operating income decrease. Increased shipments, but significant impact of low product prices and the strong yen.

Bemberg™ regenerated cellulose:

Sales and operating income decrease. Steady shipments in export. Significant impact of the strong yen.

Nonwovens:

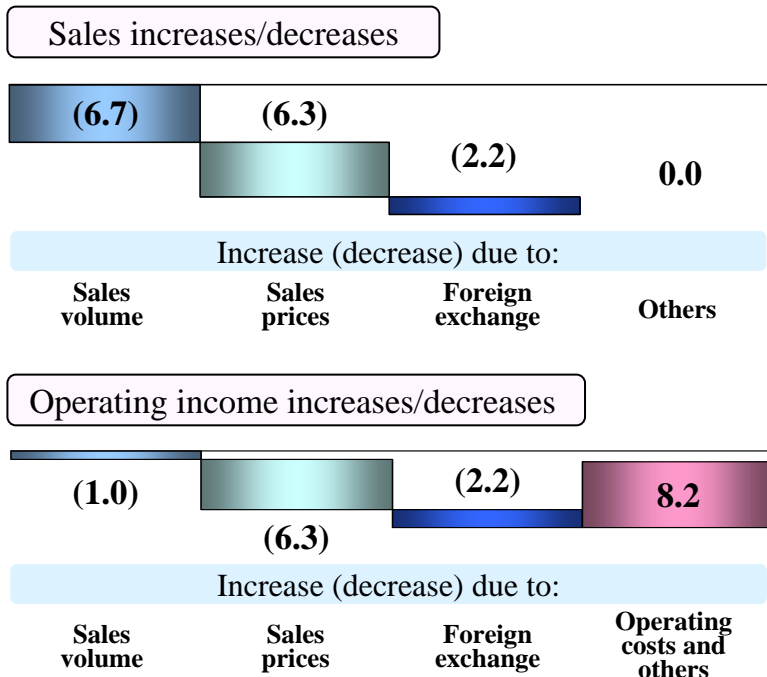
Sales decrease, but profitability improvement. Decreased shipments of spunbond. Growth in shipments of Lamous™ artificial suede for car seats. Effect of operating cost reductions.

Leona™ nylon 66 filament:

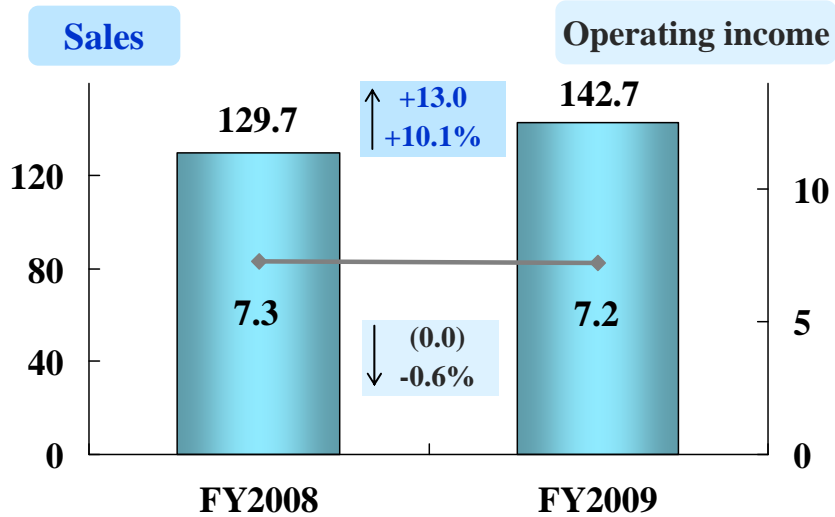
Sales decrease, but profitability improvement. Lower shipment volume. Declining feedstock prices. Effect of cost reduction.

Highlights

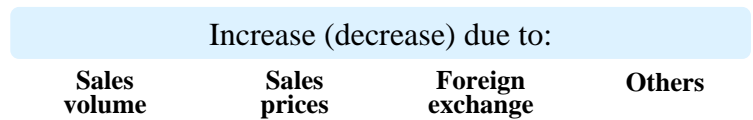
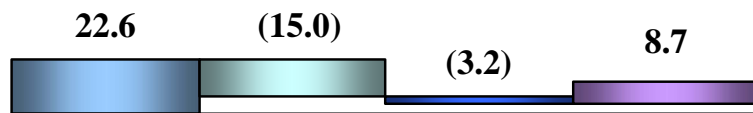
- July, decision for dissolution of Solotex Corp., the joint venture for polytrimethylene terephthalate (PTT) fiber operations with Teijin Fibers Ltd.
- February, market launch of dECO^b™ environmentally efficient filter bag.
- March, award ceremony for the *Asahi Kasei Award for Fashion Design Creativity in China* together with a fashion show.



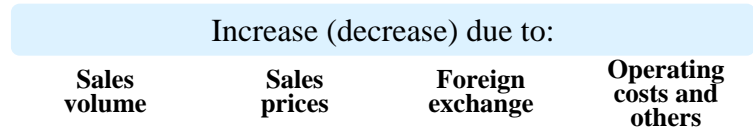
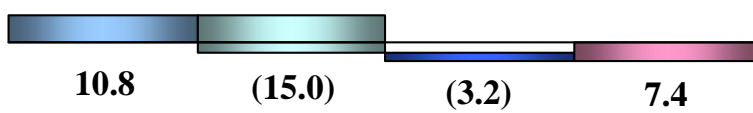
(¥ billion)



Sales increases/decreases



Operating income increases/decreases



Review of operations

Sales increase, but slight operating income decrease. Impact of lower prices in electronic materials, but steady performance in electronic devices.

Electronic devices:

Sales and operating income increase. Sharp impact of the strong yen. Consolidation of new subsidiary. Substantial growth in shipments of LSIs in new applications.

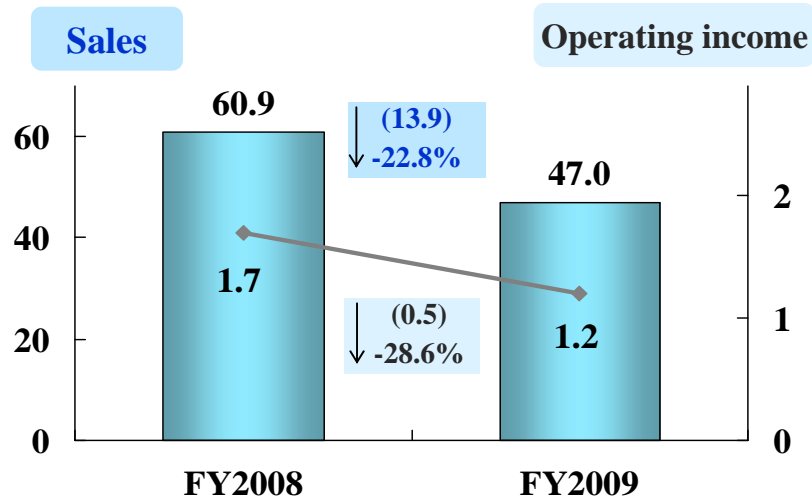
Electronic materials:

Sales and operating income decrease. Recovery of shipments particularly for Hipore™ Li-ion rechargeable battery separator. Impact of falling market prices.

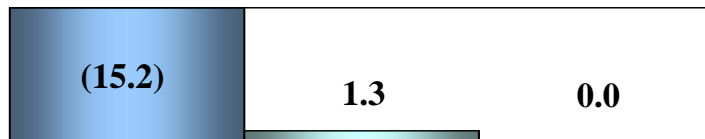
Highlights

- April, acquisition of semiconductor business from Toko Inc.
- July & September, completion of plant expansion for Hipore™ in Moriyama.
- April 2010, completion of new plant for Hipore™ in Hyuga.

(¥ billion)



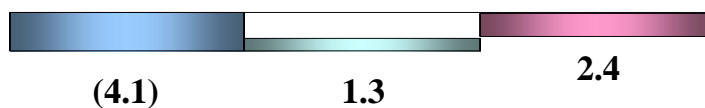
Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Operating costs and others

Review of operations

Building materials and housing materials:

Sales and operating income decrease. Lower shipments of Hebel™ autoclaved aerated concrete (AAC) panels and BasePack™ earthquake-resistant column base attachment system due to a decline in new construction starts.

Foundation systems:

Sales and operating income decrease. Lower shipments of Eazet™ piling systems for small-scale construction and the DynaWing™ pre-cast concrete piling system featuring minimal soil disposal and high load-bearing capacity.

Insulation materials:

Sales decrease, but profitability improvement. Impact of the decline in new housing starts. Effect of cost reductions.

Highlights

- May, decision to close AAC panels plant in Shiraoi.
- January, launch of fire insurance for wood-frame homes built with AAC panels, in alliance with AIU Insurance Co.
- January, decision to close one of two production lines for AAC panels in Hozumi, in September 2010.

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 05	H1	150.4 (-1.7%)	140.2 (+0.9%)	20.5 (+213.0%)	0.4	161.1 (+10.4%)	24.2 (+13.6%)	185.3 (+10.8%)	320.4
	H2	162.9 (+9.5%)	179.3 (+4.3%)	13.1 (-3.6%)	0.6	193.0 (+3.8%)	26.2 (+16.4%)	219.2 (+5.1%)	304.0
	annual	313.3 (+3.8%)	319.4 (+2.8%)	33.6 (+67.0%)	1.1	354.1 (+6.7%)	50.4 (+15.1%)	404.5 (+7.7%)	
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 forecast		324.0 (+5.6%)	302.0 (+7.0%)	34.0 (+5.8%)	2.0	338.0 (+6.8%)	78.0 (+6.3%)	416.0 (+6.7%)	329.1

* Including commissions on property insurance.

Homes (ii)

Breakdown of FY 2009 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	175.1	-10.7%	5,907	-15.5%	183.0	-2.7%	5,994	-5.2%
	3+ story	67.3	-7.5%	2,446	+0.9%	73.4	+15.4%	2,956	+25.2%
	Total	242.4	-9.9%	8,353	-11.3%	256.5	+1.9%	8,950	+3.1%
Multi-dwelling homes	1-2 story	12.8	-12.1%	1,211	-16.5%	15.0	+7.1%	1,413	+11.1%
	3+ story	27.2	+14.0%	2,409	+0.3%	35.4	+39.4%	3,121	+24.6%
	Total	40.0	+4.1%	3,620	-6.0%	50.4	+27.9%	4,534	+20.1%
Order-built homes total		282.3	-8.1%	11,973	-9.7%	306.9	+5.4%	13,484	+8.2%
Pre-built homes (including condominiums)		32.1	+7.4%	517	-31.2%	-	-	-	-
Other sales*		1.9	+26.3%	-	-	-	-	-	-
Total		316.4	-6.6%	12,490	-10.9%	306.9	+5.4%	13,484	+8.2%
Consolidated subsidiaries		73.4	+3.0%	-	-	-	-	-	-
Consolidated		389.7	-4.9%	12,490	-10.9%	306.9	+5.4%	13,484	+8.2%

* Including commissions on property insurance.

Breakdown of sales and orders forecast for FY 2010

(% 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	179.1	+2.3%	5,970	+1.1%	183.4	+0.2%	6,000	+0.1%
	3+ story	74.8	+11.1%	2,990	+22.2%	84.7	+15.4%	3,390	+14.7%
	Total	253.9	+4.7%	8,960	+7.3%	268.1	+4.5%	9,390	+4.9%
Multi-dwelling homes	1-2 story	14.1	+10.1%	1,340	+10.7%	15.5	+3.9%	1,470	+4.0%
	3+ story	34.1	+25.4%	2,990	+24.1%	40.4	+14.0%	3,540	+13.4%
	Total	48.2	+20.5%	4,330	+19.6%	55.9	+11.0%	5,010	+10.5%
Order-built homes total		302.0	+7.0%	13,290	+11.0%	324.0	+5.6%	14,400	+6.8%
Pre-built homes (including condominiums)		34.0	+5.8%	450	-13.0%	-	-	-	-
Other sales*		2.0	+6.9%	-	-	-	-	-	-
Total		338.0	+6.8%	13,740	+10.0%	324.0	+5.6%	14,400	+6.8%
Consolidated subsidiaries		78.0	+6.3%	-	-	-	-	-	-
Consolidated		416.0	+6.7%	13,740	+10.0%	324.0	+5.6%	14,400	+6.8%

* Including commissions on property insurance.

Performance of main subsidiaries

(¥ billion)

	FY 2008		FY 2009	
	Sales	Operating income	Sales	Operating income
Asahi Kasei Reform	32.7	3.6	33.1	3.6
Asahi Kasei Real Estate	35.8	1.5	38.0	1.4

Asahi Kasei Reform

FY 2009

Sales increase and flat operating income for the remodeling subsidiary. Increased orders with expansion of sales force and reinforcement of proposals for solar panel installation. Rise in payroll cost.

FY 2010 forecast

Sales increase and flat operating income. Reinforcement of proposals for replacement of fixtures to obtain increased orders. Higher payroll cost due to sales force expansion.

Asahi Kasei Real Estate

FY 2009

Sales increase, but slight operating income decrease. Increase in number of rental units. Rise in vacancy rate.

FY 2010 forecast

Sales and operating income increase. Improvement of vacancy rate and increase in number of rental units.

Sales of Health Care segment

(¥ billion)

		FY 2008			FY 2009		
		H1	H2	Total	H1	H2	Total
Asahi Kasei Pharma consolidated	Pharmaceuticals	30.4	25.9	56.3	26.7	26.7	53.4
	Others	5.4	4.9	10.3	4.0	3.4	7.4
		35.8	30.8	66.6	30.7	30.1	60.8
	Devices*	27.0	26.0	53.0	25.6	26.8	52.4
Total		62.8	56.8	119.6	56.3	56.9	113.2

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

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2008			FY 2009		
	H1	H2	Total	H1	H2	Total
Elcitonin™	6.8	6.4	13.2	7.3	6.7	14.0
Flivas™	4.5	5.3	9.8	6.8	6.9	13.7
Bredinin™	3.1	3.1	6.2	3.3	3.2	6.5
Toledomin™	2.9	2.8	5.7	2.6	2.3	5.0
Eril™	0.7	0.7	1.4	0.7	0.7	1.4
Recomodulin™	0.2	0.3	0.4	0.5	0.8	1.2

Overview of main products

	Generic name	Mechanism/ substance class	Indication	Formulation	Co-development partner
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection	—
Flivas™	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet	—
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet	—
Toledomin™	Milnacipran hydrochloride	SNRI	Depression	Tablet	—
Eril™	Fasudil	Rho-kinase inhibitor	Cerebral vasospasm after subarachnoid hemorrhage surgery	Injection	—
Recomodulin™ Market launch in May 2008	Recombinant thrombomodulin alpha	Blood coagulation	Disseminated intravascular coagulation	Injection	—
Famvir™ Market launch in July 2008, distributed by Maruho	Famciclovir	Antiviral	Shingles (zoster)	Tablet	Novartis Pharma AG

Product pipeline

Development stage	Product	Objective	Class	Indication
Phase III	AT-877 (Injection)	Additional indication	Rho-kinase inhibitor	Acute cerebral infarction
	PTH (Injection)	New biologic	Synthetic human parathyroid hormone	Osteoporosis
	AK-120 (Oral)	Additional indication	Famciclovir antiviral	Herpes simplex
Phase II	AT-877 (Oral)	Additional indication, new dosage form	Rho-kinase inhibitor	Pulmonary hypertension
Preparing for Phase II	AK150 (Injection)	New chemical entity	Pentosan polysulfate	Osteoarthritis

- ✓ Review of general-use/commodity businesses
 - Closure of polyester filament plant.
 - Withdrawal from the field of monofilament and polytrimethylene terephthalate (PTT) fiber operations.
 - Withdrawal from coenzyme Q10 business.
 - Closure of Shiraoi plant and one of two production lines in Hozumi for autoclaved aerated concrete (AAC) panels.
- ✓ Cutting fixed costs by approx. ¥18.0 billion, including ¥7.8 billion increase of depreciation
- ✓ Reduction of capital expenditure
 - ¥126.7 billion in FY 2008 → ¥84 billion in FY 2009

✓ Holding down inventories

End of Dec. 08	End of Mar. 09	End of Sep. 09	End of Mar. 10
¥324.9 billion	¥273.5 billion	¥266.2 billion	¥251.1 billion

- ✓ 10% to 20% curtailment of remuneration of corporate officers

Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization			R&D expenditures		
	FY 2008*	FY 2009	FY 2010 forecast	FY 2008*	FY 2009	FY 2010 forecast	FY 2008*	FY 2009	FY 2010 forecast
Chemicals	36.3	27.6	29.0	32.2	32.4		14.6	14.0	
Homes	7.0	6.0	5.0	3.4	4.3		2.5	2.1	
Health Care	31.6	9.2	8.5	10.3	12.2		16.4	18.4	
Fibers	12.4	4.6	6.0	7.2	7.7		3.9	3.8	
Electronics	31.8	22.8	18.0	19.8	23.6		18.4	18.4	
Construction Materials	2.4	1.2	2.5	3.6	3.3		1.0	1.1	
Services, Engineering and Others	1.1	0.9	1.0	0.8	0.8		0.1	0.2	
Corporate Expenses, assets, and Eliminations	4.1	11.7	5.0	2.1	3.0		3.9	4.8	
Total	126.7	84.0	75.0	79.4	87.3	90.0	60.8	62.9	65.0

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

17.5[†] 11.3[†] 1.5

* FY 2008 figures adjusted to reflect the April 2009 transfer of operations as follows;
 - Transfer of R&D for electronics materials, such as Marketing Center for FPC/FPD Materials, from corporate expenses, and Hipore™ Li-ion rechargeable battery separators, photopolymers, epoxy resins and other related operations from Chemicals to Electronics Materials & Devices.
 - Transfer of Leona™ filament operations from Chemicals to Fibers.
[†] Project of new plant for acrylonitrile and methyl methacrylate with PTT in Thailand, etc.

Completed in FY 2009

- Sepacell™ leukocyte reduction filters—4 million module/y capacity increase in Oita, Apr.
- New boiler using SDA pitch in Mizushima—NEDO-supported energy conservation project, Jul.*
- New integrated research complex in Fuji, Aug.*
- New production facility for naftopidil, marketed as Flivas™, an agent for treatment of benign prostatic hyperplasia, in Nobeoka, Oct.
- Roica™ spandex—capacity expansion in Thailand, Nov.*
- APS™ polysulfone-membrane artificial kidneys—6 million module/y hollow-fiber spinning capacity increase in Nobeoka, Dec.*
- Ion-exchange membranes—capacity increase in Kawasaki.
- Hipore™ Li-ion rechargeable battery separator—30 million m²/y capacity increase in Moriyama.*
- LSIs—plant expansions in Nobeoka.*

Under construction at FY 2009 year-end

- Planova™ virus removal filters—new 40,000 m²/y assembly plant in Oita, May 2010.
- New plant for therapeutic apheresis devices in Oita, Mar. 2011.
- Hipore™ Li-ion rechargeable battery separator—new 20 million m²/y plant and 35 million m²/y (20 million m²/y and 15 million m²/y) capacity expansion, totaling 55 million m²/y in Hyuga, FY10.*
- New power generation facility using wood biomass fuel in Nobeoka, Jul. 2012.*

* Investment of ¥3 billion or more.