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**Consolidated Results for 1st Quarter Fiscal 2006:  
April 1, 2006 – June 30, 2006**

(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: None
2. Change in scope of consolidation, application of equity method  
Increase in No. of consolidated subsidiaries: 4.  
Decrease in No. of equity method companies: 1.

**II. Summary of Consolidated Results**

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

	Q1 2006	Q1 2005
Net sales	348,483 [+6.0%]	328,625 [+11.5%]
Operating profit	15,297 [+12.4%]	13,612 [-25.2%]
Ordinary profit	15,064 [+3.2%]	14,601 [-23.9%]
Net income	9,184 [+76.8%]	5,195 [-56.7%]
Net income per share*	6.56	3.71
Diluted net income per share*	—	—

\* Yen

2. Financial position

	At end of June 2006	At end of June 2005
Total assets	1,409,705	1,275,636
Net assets	601,712	511,551
Net worth/total assets	42.2%	40.1%
Net worth per share*	424.88	365.32

\* Yen

Note: Net assets at end of June 2005 does not include minority interests. Net worth at end of June 2005 is the same as shareholders' equity. Net worth at end of June 2006 comprises shareholders' equity and valuation, transition adjustment and others.

### 3. Cash flows

	Q1 2006	Q1 2005
Cash flows from operating activities	(11,554)	(14,653)
Cash flows from investing activities	(15,519)	(10,331)
Cash flows from financing activities	7,739	5,279
Cash and cash equivalents at end of period	69,395	48,865

### III. Forecast for Fiscal 2006 (April 1, 2006 – March 31, 2007)

	First half*	Full year†
Net sales	767,000	1,603,000
Ordinary profit	41,500	107,000
Net income	24,000	62,000

\* The net sales forecast for the first half of fiscal 2006 announced on May 9, 2006 has been revised.

† Net income per share: ¥44.29.

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

The Japanese economy continued its recovery during the April to June quarter, with strong corporate results, increased consumer spending, and improved employment. The operating environment nevertheless remained challenging as prices for petroleum and petrochemical feedstocks such as naphtha continued to rise.

Asahi Kasei's consolidated net sales for the quarter were ¥348.5 billion, an increase of ¥19.9 billion (6.0%) from a year ago, with strong overseas demand for chemicals. Operating profit was ¥15.3 billion, an increase of ¥1.7 billion (12.4%), with strong performance in electronics products. Ordinary profit was ¥15.1 billion, an increase of ¥0.5 billion (3.2%), and net income was ¥9.2 billion, an increase of ¥4.0 billion (76.8%).

#### 2. Results by operating segment

##### CHEMICALS

Sales increased by ¥23.6 billion (15.4%) from the first quarter a year ago to ¥177.1 billion and operating profit decreased by ¥1.4 billion (19.9%) to ¥5.5 billion.

Operating profit in volume products was lower than a year ago. In polymers and elastomers, overseas engineering resin subsidiaries performed well. Monomers and basic chemicals were affected by high feedstock costs for acrylonitrile and styrene, and by the cost of the regular maintenance turnaround.

Operating profit in specialty products and systems grew, with strong performance in Hipore™ microporous membrane for Li-ion rechargeable batteries and in ion-exchange membrane electrolysis systems.

#### HOMES

Sales decreased by ¥13.1 billion (18.3%) from the first quarter a year ago to ¥58.6 billion and the operating loss increased by ¥1.8 billion to ¥3.7 billion. Orders for order-built homes rose by ¥8.2 billion (10.9%) to ¥83.8 billion.

Real estate and remodeling operations performed well, but operating profitability for the segment declined with fewer deliveries of unit homes in order-built homes operations had and fewer deliveries of condominium units in pre-built homes operations.

#### PHARMA

Sales decreased by ¥1.1 billion (3.9%) from the first quarter a year ago to ¥26.0 billion and operating profit increased by ¥1.1 billion (29.7%) to ¥4.7 billion.

Reimbursement prices decreased for both pharmaceuticals and medical devices but operating profit for the segment increased with increased shipments of Flivas™ therapy for benign prostatic hypoplasia and of APS™ polysulfone-membrane artificial kidneys, and with increased pharmaceuticals licensing income.

#### FIBERS

Sales increased by ¥2.5 billion (12.2%) from the first quarter a year ago to ¥23.0 billion and operating profit decreased by ¥0.3 billion (39.0%) to ¥0.5 billion.

Shipments of Roica™ elastic polyurethane filament increased, but operating profit for the segment decreased with elevated feedstock costs throughout.

#### ELECTRONICS MATERIALS & DEVICES

Sales increased by ¥3.5 billion (14.5%) from the first quarter a year ago to ¥27.7 billion and operating profit increased by ¥2.4 billion (59.4%) to ¥6.4 billion.

Operating profit for the segment increased with increased shipments of Sunfort™ photosensitive dry film resist for printed wiring boards and of LSIs, and with strong demand for electronic materials and electronic devices in IT and home electronics applications.

#### CONSTRUCTION MATERIALS

Sales increased by ¥1.8 billion (14.2%) from the first quarter a year ago to ¥14.7 billion and operating profit increased by ¥0.8 billion (a multiple of 3.7) to ¥1.0 billion.

Operating profit for the segment grew with increased sales of Hebel™ and Hebel Powerboard™ ALC panels, strong performance in foundation systems centered on small-scale piles, and generally healthy demand in construction markets.

#### LIFE & LIVING

Sales increased by ¥0.4 billion (3.2%) from the first quarter a year ago to ¥12.8 billion and operating profit decreased by ¥0.1 billion (14.2%) to ¥0.8 billion.

Packaging products operations performed on par with a year ago, but home-use products operations were impacted by higher advertising costs for Saran Wrap™ and by elevated feedstock costs, and operating profit for the segment decreased.

#### SERVICES, ENGINEERING AND OTHERS

Sales increased by ¥2.1 billion (32.9%) from the first quarter a year ago to ¥8.6 billion and operating profit increased by ¥0.9 billion (a multiple of 2.4) to ¥1.5 billion.

Engineering operations and personnel staffing and placement operations performed well.

## V. Consolidated Statements of Income

	Q1 2006	Q1 2005	Increase (decrease)	Percent change
Net sales	348,483	328,625	19,858	+6.0
Cost of sales	267,653	250,797	16,856	+6.7
Gross profit	80,830	77,828	3,002	+3.9
Selling, general and administrative expenses	65,532	64,215	1,317	+2.1
Operating profit	15,297	13,612	1,685	+12.4
Non-operating income	2,062	2,656	(594)	-22.4
Non-operating expenses	2,296	1,667	629	+37.7
Ordinary profit	15,064	14,601	463	+3.2
Special gains	327	159	168	+105.7
Special losses	750	5,785	(5,035)	-87.0
Income before income taxes and minority interests	14,641	8,975	5,666	+63.1
Net income	9,184	5,195	3,989	+76.8

## VI. Consolidated Balance Sheets

	At end of June 2006	At end of March 2006	Increase (decrease)
Assets			
Current assets	672,268	644,192	28,076
Fixed assets	737,436	731,852	5,584
Property, plant and equipment	424,811	414,368	10,443
Intangible fixed assets	31,129	33,094	(1,965)
Investments and other assets	281,497	284,390	(2,893)
Total assets	1,409,705	1,376,044	33,661

	At end of June 2006	At end of March 2006	Increase (decrease)
<b>Liabilities</b>			
Current liabilities	482,386	439,724	42,662
Long-term liabilities	325,607	335,193	(9,586)
<b>Total liabilities</b>	<b>807,992</b>	<b>774,916</b>	<b>33,076</b>
<b>Net assets</b>			
Stockholders' equity	509,878	—	—
Common stock	103,389	—	—
Capital surplus	79,438	—	—
Retained earnings	344,436	—	—
Treasury stock, at cost	(17,385)	—	—
Valuation, transition adjustment and others	84,842	—	—
Minority interest in consolidated subsidiaries	6,992	—	—
<b>Total net assets</b>	<b>601,712</b>	<b>—</b>	<b>—</b>
<b>Total liabilities, and net assets</b>	<b>1,409,705</b>	<b>—</b>	<b>—</b>
Minority interest in consolidated subsidiaries	—	6,917	—
<b>Shareholders' equity</b>			
Common stock	—	103,389	—
Capital surplus	—	79,433	—
Retained earnings	—	342,450	—
Others	—	86,251	—
Treasury stock, at cost	—	(17,311)	—
<b>Total shareholders' equity</b>	<b>—</b>	<b>594,211</b>	<b>—</b>
<b>Total liabilities, minority interest and shareholders' equity</b>	<b>—</b>	<b>1,376,044</b>	<b>—</b>

## VII. Cash flows

	Q1 2006	Q1 2005
Cash flows from operating activities	(11,554)	(14,653)
Cash flows from investing activities	(15,519)	(10,331)
Cash flows from financing activities	7,739	5,279
Effect of exchange rate changes on cash and cash equivalents	104	114
<b>Net decrease in cash and cash equivalents</b>	<b>(19,231)</b>	<b>(19,591)</b>
Cash and cash equivalents at beginning of term	86,390	68,456
Cash and cash equivalents held by newly consolidated subsidiaries	2,236	—
<b>Cash and cash equivalents at end of term</b>	<b>69,395</b>	<b>48,865</b>

## VIII. Operating Segment Information

### 1. Consolidated net sales

(billions of yen)

	Q1 2006	Q1 2005	Increase (decrease)	First half FY 2006 forecast
Chemicals	177.1	153.4	23.6	369.0
Homes	58.6	71.7	(13.1)	167.0
Pharma	26.0	27.1	(1.1)	52.0
Fibers	23.0	20.5	2.5	49.0
Electronics Materials & Devices	27.7	24.2	3.5	57.0
Construction Materials	14.7	12.9	1.8	29.0
Life & Living	12.8	12.4	0.4	27.0
Services, Engineering and Others	8.6	6.5	2.1	17.0
<b>Total</b>	<b>348.5</b>	<b>328.6</b>	<b>19.9</b>	<b>767.0</b>

### 2. Consolidated operating profit (loss)

(billions of yen)

	Q1 2006	Q1 2005	Increase (decrease)	First half FY 2006 forecast
Chemicals	5.5	6.9	(1.4)	16.5
Homes	(3.7)	(1.9)	(1.8)	6.5
Pharma	4.7	3.6	1.1	5.0
Fibers	0.5	0.9	(0.3)	1.0
Electronics Materials & Devices	6.4	4.0	2.4	11.5
Construction Materials	1.0	0.3	0.8	2.0
Life & Living	0.8	1.0	(0.1)	2.0
Services, Engineering and Others	1.5	0.6	0.9	2.0
Corporate expenses and eliminations	(1.6)	(1.9)	0.3	(3.5)
<b>Consolidated</b>	<b>15.3</b>	<b>13.6</b>	<b>1.7</b>	<b>43.0</b>

### 3. Contract trends for home construction operations

	Q1 2006	Q1 2005	Increase (decrease)	First half FY 2006 forecast
Value of orders received (¥ billion)	83.8	75.6	8.2	167.0
No. of orders received (home units)	3,720	3,239	481	7,221
Backlog of orders (¥ billion)	344.3	336.9	7.4	337.4
No. of sales (home units)	1,959	2,399	(440)	6,158
Value of sales (¥ billion)	43.5	48.7	(5.2)	133.6

### 4. Key operating factors

	Q1 2006	Q1 2005	Increase (decrease)	First half FY 2006 forecast
Naphtha price (yen/kL, domestic)	49,000	37,500	11,500	52,000
Yen/US\$ exchange rate (market average)	115	108	7	115