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October 31, 2006

Consolidated Results for 1st Half Fiscal Year 2006
April 1, 2006 – September 30, 2006

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

I. Summary of Consolidated Results

1. Results for fiscal half ended September 30, 2006

(1) Operating results (percent change from first half of previous year in brackets)

Fiscal half ended September	2006	2005
Net sales	768,878 [+7.0%]	718,458 [+9.0%]
Operating profit	50,690 [+6.8%]	47,459 [-13.9%]
Ordinary profit	48,765 [+3.2%]	47,244 [-14.6%]
Net income	28,958 [+13.9%]	25,413 [-5.5%]
Net income per share*	20.69	18.15
Diluted net income per share*	—	—

* Yen

Notes:

- Equity in profit of unconsolidated subsidiaries and affiliates: ¥517 million; during first half of previous fiscal year, ¥658 million.
- Average shares outstanding, consolidated: 1,399,697,913; during first half of previous fiscal year, 1,400,259,042.
- Change in method of accounting: None.

(2) Financial position

At end of	Sep. 2006	Mar. 2006
Total assets	1,459,818	1,376,044
Net assets	620,118	594,211
Net worth/total assets	42.0%	43.2%
Net worth per share*	438.06	424.34

* Yen

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

(3) Cash flows

Fiscal half ended September	2006	2005
Cash flows from operating activities	47,660	33,153
Cash flows from investing activities	(40,913)	(27,473)
Cash flows from financing activities	(2,104)	(13,680)
Cash and cash equivalents at end of period	93,362	60,759

(4) Scope of consolidation, application of equity method

No. of consolidated subsidiaries: 109

No. of unconsolidated subsidiaries for which the equity method is applied: 29

No. of affiliate companies for which the equity method is applied: 24

(5) Changes in scope of consolidation, application of equity method

No. of newly included consolidated subsidiaries: 4

No. of consolidated subsidiaries newly excluded: 0

No. of unconsolidated subsidiaries and affiliate companies for which the equity method is newly applied: 1

No. of unconsolidated subsidiaries and affiliate companies newly excluded from application of the equity method: 3

2. Forecast for fiscal year ending March 31, 2007*

Net sales	1,612,000
Ordinary profit	112,000
Net income	64,000

Note: Net income per share, ¥45.73

* 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.

II. Overview of Consolidated Results

1. Consolidated group results

The Japanese economy continued its recovery during the six-month period, with healthy corporate earnings, a high level of private-sector capital investment, and ongoing improvement in the employment outlook. The operating climate nevertheless remained challenging, with persistently elevated prices for petroleum and petrochemical feedstocks such as naphtha necessitating increases in product sales prices.

Consolidated net sales grew by ¥50.4 billion from a year ago to ¥768.9 billion, a 7.0% increase. Sales growth was greatest in chemicals operations, with sales prices rising to compensate for increased feedstock costs. Operating profit grew by ¥3.2 billion to ¥50.7 billion, a 6.8% increase. Operating profit growth was greatest in electronics operations, with strong demand in IT and home electronics applications, and benefited from a lower yen exchange rate. Ordinary profit grew by ¥1.5 billion to

¥48.8 billion, a 3.2% increase. Net income grew by ¥3.5 billion to ¥29.0 billion, a 13.9% increase.

2. Results by operating segment

CHEMICALS

Sales for the segment grew by ¥48.7 billion to ¥367.5 billion, a 15.3% increase.

Operating profit grew by ¥0.3 billion to ¥20.5 billion, a 1.7% increase.

Operating profit in volume products, comprising chemicals/derivative products and polymer products, was on par with a year ago. A sharp rise in feedstock costs was essentially offset by sales price increases and by increased profitability in the nylon-related operations of adipic acid and Leona™ nylon 66 resin and filament.

Operating profit in specialty products grew with increased shipments of Hipore™ Li-ion rechargeable battery membrane separators, export of membrane-process chlor-alkali electrolyzers to China, and increased shipments of ion-exchange membranes for chlor-alkali.

HOMES

Sales for the segment decreased by ¥16.2 billion to ¥169.1 billion, an 8.7% decline.

Operating profit decreased by ¥3.0 billion to ¥5.4 billion, a 35.9% decline.

Operating profit from the sale of new homes decreased, largely the effect of a decrease in orders until the middle of last year and the completion of large condominium construction projects during the year-ago period. New orders for order-built homes grew by ¥5.7 billion to ¥156.1 billion as marketing efforts were focused on customers seeking to replace older houses.

Operating profit in housing-related operations increased. Real estate operations had rising income from rentals. Remodeling operations also grew.

PHARMA

Sales for the segment decreased by ¥2.5 billion to ¥51.1 billion, a 4.6% decline.

Operating profit grew by ¥1.6 billion to ¥7.2 billion, a 28.7% increase.

Sales in pharmaceutical operations decreased as an effect of reimbursement price cuts and lower sales of pharmaceutical intermediates. Operating profit grew with increased shipments of Flivas™ therapy for benign prostatic hyperplasia and income from licensing fasudil hydrochloride, a Rho-kinase inhibitor.

Operating profit in devices grew with increased shipments of APS™ polysulfone-membrane artificial kidneys enabled by expanded production capacity, heightened productivity at the new polysulfone hollow-fiber membrane spinning plant which began operation in Nobeoka last year, and increased exports of Planova™ virus removal filters.

FIBERS

Sales for the segment grew by ¥7.1 billion to ¥50.6 billion, a 16.3% increase.

Operating profit decreased by ¥1.0 billion to ¥1.3 billion, a 42.8% decline.

Shipments of Roica™ elastic polyurethane filament grew, but operating profit decreased with lower market prices and higher feedstock costs. The Dorlastan™ elastic polyurethane filament business acquired from Lanxess of Germany operated at a loss.

Shipments of Bemberg™ cupro fiber grew, notably in overseas markets and for linings in Japan, but operating profit decreased with high feedstock costs and the effect of a tornado in September.

Operating profit in nonwovens decreased as sales price increases were not sufficient to offset elevated feedstock costs.

ELECTRONICS MATERIALS AND DEVICES

Sales for the segment grew by ¥7.6 billion to ¥56.4 billion, a 15.7% increase.

Operating profit grew by ¥4.0 billion to ¥12.4 billion, a 47.9% increase.

Operating profit in electronics devices grew with generally strong demand in IT and home electronics applications. Growth in shipments was most notable for LSIs and for Hall ICs used in cell phones.

Operating profit in electronics materials grew with increased shipments of Sunfort™ photosensitive dry film resist enabled by a large capacity expansion at a plant in China, and with increased shipments of ultra-thin glass fabric for printed wiring boards.

CONSTRUCTION MATERIALS

Sales for the segment grew by ¥2.2 billion to ¥30.6 billion, a 7.7% increase. Operating profit grew by ¥0.7 billion to ¥2.5 billion, a 37.9% increase.

Operating profit in building materials and housing materials increased as general demand for Hebel™ autoclaved lightweight concrete (ALC) panels grew and shipments of Hebel Powerboard™ ALC panels grew with a successful expansion of the user base.

Operating profit in foundation systems increased as new applications continued to grow for Eazet™ and ATT Column™ piles for small-scale construction.

Operating profit in insulation materials increased as shipments of Neoma™ high-performance phenolic foam panels grew with a successful expansion of the user base.

LIFE & LIVING

Sales for the segment were unchanged at ¥26.7 billion. Operating profit decreased by ¥0.3 billion to ¥2.2 billion, a 12.4% decline.

Shipments of Saran Wrap™ cling film increased and exports of Saran™ fiber grew, but operating profit in home-use products decreased with higher feedstock costs and advertising expenses.

Operating profit in packaging materials decreased moderately, as sales price increases and fixed cost reductions were not sufficient to offset elevated feedstock costs.

SERVICES, ENGINEERING AND OTHERS

Sales for the segment grew by ¥3.5 billion to ¥16.9 billion, a 26.0% increase.

Operating profit grew by ¥1.0 billion to ¥2.3 billion, an 80.7% increase.

Operating profit in engineering operations grew with a climate of increasing capital investment in plant and equipment both in Japan and overseas. Operating profit in personnel staffing and placement operations grew with increased sales.

III. Consolidated Statements of Income

	Fiscal half ended Sep. 2006	Fiscal half ended Sep. 2005	Increase (decrease)	Percent change
Net sales	768,878	718,458	50,420	+7.0
Cost of sales	584,502	541,146	43,356	+8.0
Gross profit	184,375	177,311	7,064	+4.0
Selling, general and administrative expenses	133,685	129,853	3,832	+3.0
Operating profit	50,690	47,459	3,231	+6.8
Non-operating income	3,970	4,790	(820)	—
Non-operating expenses	5,895	5,004	891	—
Ordinary profit	48,765	47,244	1,521	+3.2
Special gains	1,160	325	835	—
Special losses	3,994	6,948	(2,954)	—
Income before income taxes and minority interests	45,931	40,622	5,309	+13.1
Net income	28,958	25,413	3,545	+13.9

IV. Consolidated Balance Sheets

	At end of Sep. 2006	At end of Mar. 2006	Increase (decrease)
Assets			
Current assets	715,880	644,192	71,688
Fixed assets	743,938	731,852	12,086
Property, plant and equipment	432,089	414,368	17,721
Intangible fixed assets	30,108	33,094	(2,986)
Investments and other assets	281,740	284,390	(2,650)
Total assets	1,459,818	1,376,044	83,774
Liabilities			
Current liabilities	517,047	439,724	77,323
Long-term liabilities	322,653	335,193	(12,540)
Total liabilities	839,700	774,916	64,784
Net assets			
Shareholders' equity	529,429	—	—
Common stock	103,389	—	—
Capital surplus	79,444	—	—
Retained earnings	364,230	—	—
Treasury stock, at cost	(17,633)	—	—
Valuation, translation adjustment and others	83,588	—	—
Net unrealized gain on securities	82,466	—	—
Deferred profit on hedges	79	—	—
Revaluation surplus	966	—	—
Foreign currency translation adjustment	77	—	—
Minority interest in consolidated subsidiaries	7,101	—	—
Total net assets	620,118	—	—
Total liabilities, and net assets	1,459,818	—	—
Minority interest in consolidated subsidiaries	—	6,917	—
Shareholders' equity	—	594,211	—
Issued and outstanding	—	103,389	—
Capital surplus	—	79,433	—
Retained earnings	—	342,450	—
Revaluation surplus	—	966	—
Net unrealized gains on securities	—	85,384	—
Foreign currency translation adjustment	—	(99)	—
Common stock in treasury, at cost	—	(17,311)	—
Total liabilities, minority interest and shareholders' equity	—	1,376,044	—

V. Cash Flows

Fiscal half ended September	2006	2005
Cash flows from operating activities	47,660	33,153
Cash flows from investing activities	(40,913)	(27,473)
Cash flows from financing activities	(2,104)	(13,680)
Effect of exchange rate changes on cash and cash equivalents	94	161
Net increase (decrease) in cash and cash equivalents	4,736	(7,839)
Cash and cash equivalents at beginning of year	86,390	68,456
Cash and cash equivalents held by newly consolidated subsidiaries	2,236	142
Cash and cash equivalents at end of period	93,362	60,759

VI. Segment Information

1. Industry segments

(1) Fiscal half ended September 30, 2006

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses* and Eliminations	Consolidated
Sales											
Customers	367,483	169,102	51,121	50,639	56,368	30,571	26,721	16,873	768,878	—	768,878
Intersegment	7,968	148	4	899	615	6,097	1,908	15,433	33,072	(33,072)	—
Total	375,451	169,249	51,125	51,538	56,984	36,668	28,629	32,306	801,950	(33,072)	768,878
Operating expenses	354,905	163,869	43,915	50,236	44,625	34,141	26,425	29,964	748,080	(29,892)	718,188
Operating profit	20,545	5,380	7,211	1,303	12,358	2,526	2,205	2,342	53,870	(3,180)	50,690

(2) Fiscal half ended September 30, 2005

	Chemicals	Homes	Pharma	Fibers	Electronics Materials and Devices	Construction Materials	Life & Living	Services, Engineering and Others	Combined	Corporate Expenses* and Eliminations	Consolidated
Sales											
Customers	318,787	185,306	53,577	43,548	48,738	28,391	26,723	13,388	718,458	—	718,458
Intersegment	8,008	45	16	1,334	466	5,703	1,872	12,502	29,944	(29,944)	—
Total	326,795	185,351	53,593	44,882	49,204	34,093	28,595	25,889	748,402	(29,944)	718,458
Operating expenses	306,585	176,959	47,989	42,605	40,849	32,261	26,079	24,593	697,921	(26,922)	670,999
Operating profit	20,209	8,392	5,604	2,277	8,355	1,832	2,516	1,296	50,481	(3,022)	47,459

* Operating expenses for which allocation to operating segments was not feasible were ¥7,152 million in the fiscal half ended September 30, 2006 and ¥6,987 million in the fiscal half ended September 30, 2005.

2. Geographic information

(1) Fiscal half ended September 30, 2006

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

(2) Fiscal half ended September 30, 2005

Segment information is not shown because over 90% of total sales were from operations domiciled in Japan and over 90% of total assets were located in Japan.

3. Overseas sales

(1) Fiscal half ended September 30, 2006

	East Asia*	Other regions†	Total
Overseas sales	119,972	89,795	209,767
Consolidated net sales	—	—	768,878
Overseas sales/ consolidated net sales	15.6%	11.7%	27.3%

(2) Fiscal half ended September 30, 2005

	East Asia*	Other regions†	Total
Overseas sales	105,055	71,267	176,322
Consolidated net sales	—	—	718,458
Overseas sales/ consolidated net sales	14.6%	9.9%	24.5%

* China (including Hong Kong), Korea, and Taiwan.

† Southeast Asia (except East Asia), US, Europe, and others.

VII. Overview of Operating Segments

1. Consolidated net sales by operating segment

	Fiscal half ended September 2006		Fiscal half ended September 2005		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	367,483	47.8	318,787	44.4	48,696	+15.3
Homes	169,102	22.0	185,306	25.8	(16,204)	-8.7
Pharma	51,121	6.6	53,577	7.4	(2,456)	-4.6
Fibers	50,639	6.6	43,548	6.1	7,091	+16.3
Electronics Materials and Devices	56,368	7.3	48,738	6.8	7,630	+15.7
Construction Materials	30,571	4.0	28,391	3.9	2,180	+7.7
Life & Living	26,721	3.5	26,723	3.7	(2)	-0.0
Services, Engineering and Others	16,873	2.2	13,388	1.9	3,485	+26.0
Total	768,878	100.0	718,458	100.0	50,420	+7.0

2. Major products, by operating segment

Chemicals

Chemicals and derivative products

- Ammonia
- Nitric acid
- Caustic soda
- Acrylonitrile (AN)
- Styrene
- Methyl methacrylate (MMA)
- Polymethyl methacrylate (PMMA)
- High-compound fertilizers
- Adipic acid

Polymer products

- Suntec™ polyethylene (PE)
- Stylac™-AS styrene-acrylonitrile (SAN)
- Stylac™-ABS acrylonitrile-butadiene-styrene
- Synthetic rubber and elastomer
- Tenac™ polyacetal
- Xyron™ modified polyphenylene ether (mPPE)
- Leona™ nylon 66 polymer and filament

Specialty products

- Coating materials
- Latex
- Ceolus™ microcrystalline cellulose
- Explosives
- Explosion-bonded metal clad
- APR™ photosensitive resin
- AFP™ photosensitive plates
- Printing plate making systems
- Microza™ UF and MF membranes and systems
- Hipore™ microporous membrane
- Ion-exchange membranes and electrolysis systems

Homes

- Hebel Haus™ houses
- Hebel Maison™ apartments
- Condominiums
- Remodeling
- Real estate
- Residential land development
- Home financing

Pharma

- Elcitonin™, Bredinin™, Flivas™, Toledomin™, and other pharmaceuticals
- Pharmaceutical intermediates
- Functional food additives
- Diagnostic reagents
- APS™ artificial kidneys
- Sepacell™ leukocyte reduction filters
- Cellsorba™ leukocyte adsorption columns
- Planova™ virus removal filters
- Contact lenses

Fibers

- Roica™ elastic polyurethane filament (spandex)
- Eltas™ spunbond, Lamous™ artificial suede, and other nonwovens
- Bemberg™ cuprammonium rayon (cupro)
- Polyester filament

Electronics Materials and Devices

- Pimel™ photosensitive polyimide precursor (PSPI)
- Sunfort™ photosensitive dry film resist (DFR)
- Photomask pellicles
- Luminous™ plastic optical fiber
- LSIs
- Hall elements
- Glass fabric

Construction Materials

- Hebel™ autoclaved lightweight concrete (ALC) panels
- Steel-frame structural components
- Piles and foundations systems
- Neoma™ foam insulation panels
- Artificial fish reefs and marine structures

Life & Living

- Saran Wrap™ cling film
- Ziploc™ storage bags
- Film
- Sheet
- Foam

Services, Engineering and Others

- Plant engineering
- Environmental engineering
- Personnel staffing and placement
- Think tank services