

**Asahi Kasei Corporation**

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May 8, 2008

**Consolidated Results for Fiscal Year 2007:  
April 1, 2007 – March 31, 2008**

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

**I. Summary of Consolidated Results**

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

	FY 2007	FY 2006
Net sales	1,696,789 [+4.5%]	1,623,791 [+8.4%]
Operating profit	127,656 [-0.1%]	127,801 [+17.5%]
Ordinary profit	120,456 [-4.8%]	126,507 [+21.4%]
Net income	69,945 [+2.0%]	68,575 [+14.9%]
Net income per share*	50.01	49.00
Diluted net income per share*	—	—
Net income/shareholders' equity	10.7%	11.1%
Ordinary profit/total assets	8.3%	8.9%
Operating profit/net sales	7.5%	7.9%

\* Yen

Note:

Equity in profit of unconsolidated subsidiaries and affiliates: ¥3,757 million; during previous fiscal year, ¥2,647 million.

## 2. Financial position

At fiscal year-end, March	2008	2007
Total assets	1,425,367	1,459,922
Net assets	674,156	653,510
Net worth/total assets	46.7%	44.2%
Net worth per share*	476.39	461.50

\* Yen

Note: Net worth consists of shareholders' equity and valuation, translation adjustments and others.

## 3. Cash flows

	FY 2007	FY 2006
Cash flows from operating activities	72,947	128,432
Cash flows from investing activities	(69,135)	(81,347)
Cash flows from financing activities	(22,330)	(36,025)
Cash and cash equivalents at end of period	83,033	101,719

## II. Cash Dividends

Fiscal year	Cash dividends per share*			Dividends payment amount	Payout ratio (consolidated)	Cash dividends/net assets (consolidated)
	Interim	Year-end	Total annual			
2006	5.00	7.00	12.00	16,793	24.5%	2.7%
2007	6.00	7.00	13.00	18,184	26.0%	2.8%
2008 (forecast)	7.00	7.00	14.00	—	26.1%	—

\* Yen

## III. Forecast for Fiscal 2008 (April 1, 2008 – March 31, 2009)

	For the semiannual period ending September 2008	For the fiscal year
Net sales	856,000	1,810,000
Operating profit	50,500	128,000
Ordinary profit	49,500	125,000
Net income	30,000	75,000
Net income per share*	21.45	53.63

\*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. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the fiscal year: None
2. Changes in method of accounting: Yes
  - (1) Change in depreciation method for tangible fixed assets:

Beginning on April 1, 2007, tangible fixed assets are depreciated in accordance with the amended Corporation Tax Law.
  - (2) Change in industry segments:

With the April 1, 2007, merger of Asahi Kasei Life & Living with Asahi Kasei Chemicals, the Life & Living segment was combined with the Chemicals segment.
3. Number of shares outstanding

Fiscal year ended March	2008	2007
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of treasury stocks at end of period	4,080,805	3,570,390

## V. Summary of Non-Consolidated Results

### 1. Results for fiscal 2007 (April 1, 2007 – March 31, 2008)

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

	FY 2007	FY 2006
Net sales	49,923 [+16.8%]	42,758 [+0.3%]
Operating profit	33,801 [+19.8%]	28,216 [+2.9%]
Ordinary profit	34,696 [+19.4%]	29,069 [+7.6%]
Net income	38,105 [+32.0%]	28,867 [-0.5%]
Net income per share*	27.24	20.63
Diluted net income per share*	—	—

\* Yen

#### (2) Financial position

At fiscal year end, March	2008	2007
Total assets	669,054	706,186
Net assets	410,448	411,638
Net worth/total assets	58.7%	58.3%
Net worth per share*	293.44	294.18

\* Yen

### 2. Forecast for fiscal 2008 (April 1, 2008 – March 31, 2009)

	For the semiannual period ending September 2008	For the fiscal year
Net sales	14,900	35,600
Operating profit	6,500	19,400
Ordinary profit	7,200	20,400
Net income	8,500	24,000
Net income per share*	6.08	17.16

\* 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.

## VI. Overview of Consolidated Results

### 1. Consolidated group results

Although economic expansion advanced in China and other developing countries, the global economy was destabilized by continuing rises in feedstock and fuel prices and by concerns about a slowdown in the US economy triggered by the rise in subprime mortgage defaults. While the Japanese economy saw firm corporate earnings and private sector capital investment, expansion slowed as an effect of concern about the outlook for the global economy and a rapid rise in the exchange value of the yen during the second half of the fiscal year. The operating environment for Asahi Kasei and its consolidated subsidiaries (the Asahi Kasei Group) thus remained challenging.

With high product prices reflecting high feedstock costs in the Chemicals segment, consolidated net sales for the year increased by ¥73.0 billion (4.5%) from a year ago to ¥1,696.8 billion. Although profits in the Chemicals and Fibers segments grew, overall operating profit decreased by ¥0.1 billion (0.1%) to ¥127.7 billion with lower profits in the Homes segment as an effect of decreased deliveries and lower profits in the Construction Materials segment as an effect of a revision of building codes. Ordinary profit was ¥120.5 billion, decreasing by ¥6.1 billion (4.8%). Net income was ¥69.9 billion, increasing by ¥1.4 billion (2.0%).

### 2. Results by operating segment

With the April 1, 2007, merger of Asahi Kasei Life & Living with Asahi Kasei Chemicals, the Life & Living segment was combined with the Chemicals segment. For comparison purposes, results for the year-ago period in the Chemicals segment have been revised to include those in the Life & Living segment.

#### CHEMICALS

Sales increased by ¥74.0 billion (9.2%) from a year ago to ¥879.2 billion and operating profit increased by ¥8.7 billion (15.3%) to ¥65.2 billion.

Volume products operations were affected by high feedstock costs, but operating profit nevertheless increased with strong market conditions for chemicals and derivative products, particularly acrylonitrile, and with polymer products performing well.

Operating profit from specialty products grew with strong demand for Hipore™ Li-ion rechargeable battery separator membranes resulting in increased shipments and with sales growth of ion-exchange membranes and systems for chlor-alkali electrolysis.

#### HOMES

Sales decreased by ¥19.5 billion (4.8%) from a year ago to ¥386.2 billion and operating profit decreased by ¥6.1 billion (22.3%) to ¥21.4 billion.

Operating profit from order-built and pre-built homes decreased with the number of deliveries of unit homes significantly lower as an effect of fewer orders received through the first half of 2007 and postponement of delivery of some units due to improper acquisition of ministerial certification by a supplier of certain components as came to light in late October 2007. New orders for order-built homes increased by ¥2.7 billion from a year ago to ¥306.1 billion.

Operating profit from housing-related operations increased with remodeling operations performing well.

#### PHARMA

Sales increased by ¥6.8 billion (6.5%) from a year ago to ¥111.2 billion and operating profit decreased by ¥1.2 billion (8.6%) to ¥12.7 billion.

Sales of main pharmaceutical products, notably Elcitonin™ calcitonin formulation, grew, but operating profit from pharmaceutical operations decreased with lower licensing income and higher R&D expenditures.

Operating profit in devices operations grew with increased domestic and overseas shipments in each product line, most notably in APS™ polysulfone-membrane artificial kidneys following production capacity expansion.

#### FIBERS

Sales increased by ¥7.4 billion (7.0%) from a year ago to ¥114.1 billion and operating profit increased by ¥3.1 billion (73.9%) to ¥7.2 billion.

Operating profit from elastic polyurethane filament increased as overseas operations, notably those in Europe and the US, performed well with strong demand.

Operating profit from Bemberg™ regenerated cellulose fiber grew with increased exports. Operating profit from nonwovens operations decreased as operating cost reductions could not overcome the large effect of increased feedstock costs.

#### ELECTRONICS MATERIALS & DEVICES

Sales increased by ¥1.2 billion (1.0%) from a year ago to ¥113.3 billion and operating profit decreased by ¥0.4 billion (1.7%) to ¥22.2 billion.

Operating profit from electronics materials increased as shipment volumes generally rose with strong overseas demand, especially in China.

Operating profit from electronics devices decreased with fewer shipments of LSIs and lower product prices as an effect of inventory adjustments in home electronics markets.

#### CONSTRUCTION MATERIALS

Sales decreased by ¥5.1 billion (8.4%) from a year ago to ¥55.7 billion and operating profit decreased by ¥2.3 billion (44.7%) to ¥2.8 billion.

Operating profit from building materials and housing materials decreased with fewer shipments of Hebel™ autoclaved lightweight concrete (ALC) panels as an effect of the decline in construction starts following a revision of building codes in Japan.

Development of new markets for Eazet™ piles for small-scale construction advanced but demand for large-scale piles decreased, and operating profit from foundation systems operations was on par with a year ago. Operating profit from insulation materials decreased as an effect of the decline in new housing starts, especially for wood-frame houses.

#### SERVICES, ENGINEERING AND OTHERS

Sales increased by ¥8.1 billion (28.2%) from a year ago to ¥37.0 billion and operating profit increased by ¥1.3 billion (33.6%) to ¥5.2 billion.

Operating profit from engineering increased with overseas plant engineering operations performing well.

## VII. Consolidated Balance Sheets

	At end of March 2008	At end of March 2007	Increase (decrease)
<b>Assets</b>			
Current assets	740,075	722,995	17,080
Cash on hand and in banks	82,903	101,514	(18,611)
Notes and accounts receivable, trade	298,788	300,386	(1,598)
Marketable securities	303	400	(97)
Inventories	272,372	240,006	32,366
Others	85,709	80,689	5,020
Fixed assets	685,292	736,927	(51,635)
Property, plant and equipment	424,193	426,959	(2,766)
Intangible fixed assets	26,226	28,466	(2,240)
Investments and other assets	234,873	281,502	(46,629)
<b>Total assets</b>	<b>1,425,367</b>	<b>1,459,922</b>	<b>(34,555)</b>
<b>Liabilities</b>			
Current liabilities	513,413	503,570	9,843
Notes and accounts payable, trade	155,120	186,900	(31,780)
Short-term borrowings	43,220	63,828	(20,608)
Commercial paper	55,000	—	55,000
Current portion of corporate bonds	25,000	24,000	1,000
Allowance for repairs	4,716	—	4,716
Allowance for after-care of products	6,018	—	6,018
Others	224,338	228,842	(4,504)
Long-term liabilities	237,798	302,842	(65,044)
Corporate bonds	25,000	60,000	(35,000)
Long-term borrowings	63,187	69,074	(5,887)
Accrued pension and severance costs	116,133	125,364	(9,231)
Allowance for repairs	2,078	—	2,078
Others	31,401	48,403	(17,002)
<b>Total liabilities</b>	<b>751,211</b>	<b>806,412</b>	<b>(55,201)</b>
<b>Net assets</b>			
Stockholders' equity	613,042	561,755	51,287
Common stock	103,389	103,389	—
Capital surplus	79,427	79,396	31
Retained earnings	432,246	380,515	51,731
Treasury stock, at cost	(2,019)	(1,544)	(475)
Valuation, translation adjustments and others	53,201	83,900	(30,699)
Net unrealized gain on securities	51,091	79,823	(28,732)
Deferred profit on hedges	11	58	(47)
Revaluation surplus	873	1,106	(233)
Foreign currency translation adjustment	1,226	2,913	(1,687)
Minority interest in consolidated subsidiaries	7,912	7,855	57
<b>Total net assets</b>	<b>674,156</b>	<b>653,510</b>	<b>20,646</b>
<b>Total liabilities, and net assets</b>	<b>1,425,367</b>	<b>1,459,922</b>	<b>(34,555)</b>

## VIII. Consolidated Statements of Income

	FY 2007	FY 2006	Increase (decrease)	Percent change
Net sales	1,696,789	1,623,791	72,998	+4.5%
Cost of sales	1,288,965	1,224,041	64,924	+5.3%
Gross profit	407,824	399,750	8,074	+2.0%
Selling, general and administrative expenses	280,168	271,949	8,219	+3.0%
Operating profit	127,656	127,801	(145)	-0.1%
Non-operating income	12,100	13,081	(981)	-7.5%
Interest income	879	508	371	—
Dividend income	3,188	2,507	681	—
Equity in net earnings of unconsolidated subsidiaries and affiliates	3,757	2,647	1,110	—
Insurance recoveries	—	4,558	(4,558)	—
Others	4,276	2,861	1,415	—
Non-operating expenses	19,300	14,376	4,924	34.3%
Interest expense	4,202	4,118	84	—
Loss on disposal of inventories	2,658	4,381	(1,723)	—
Loss of exchange	5,428	—	5,428	—
Others	7,012	5,877	1,135	—
Ordinary profit	120,456	126,507	(6,051)	-4.8%
Special gains	4,300	3,091	1,209	39.1%
Gain on sales of investment securities	3,432	1,516	1,916	—
Gain on sale of property, plant and equipment	309	919	(610)	—
Gain on change in equity	559	657	(98)	—
Special losses	19,157	14,715	4,442	30.2%
Loss on sales of investment securities	1,027	701	326	—
Loss on disposal of property, plant and equipment	6,821	9,073	(2,252)	—
Impairment loss	4,802	189	4,613	—
Charge for environmental countermeasures	2,239	—	2,239	—
Charge for remediation of homes delivered in previous years	3,000	—	3,000	—
Restructuring charges	1,269	4,751	(3,482)	—
Income before income taxes and minority interests	105,599	114,883	(9,284)	-8.1%
Net income	69,945	68,575	1,370	+2.0%

## IX. Cash flows

	FY 2007	FY 2006	Increase (decrease)
Cash flows from operating activities	72,947	128,432	(55,485)
Income before income taxes and minority interests	105,599	114,883	(9,284)
Depreciation and amortization	73,983	71,646	2,337
Increase in notes and accounts receivable, trade	(104)	(26,425)	26,321
Increase in inventories	(33,295)	(23,005)	(10,290)
Increase (decrease) in notes and accounts payable, trade	(30,571)	51,605	(82,176)
Others	(42,664)	(60,271)	17,607
Cash flows from investing activities	(69,135)	(81,347)	12,212
Payments for purchases of property, plant and equipment	(68,822)	(77,357)	8,535
Proceeds from sales of property, plant and equipment	1,026	2,976	(1,950)
Payments for acquisition of intangible fixed assets	(7,384)	(4,872)	(2,512)
Payments for purchases of investment securities	(2,115)	(3,003)	888
Proceeds from sales of investment securities	10,231	2,557	7,674
Others	(2,071)	(1,648)	(423)
Cash flows from financing activities	(22,330)	(36,025)	13,695
Effect of exchange rate changes on cash and cash equivalents	(219)	643	(862)
Net increase (decrease) in cash and cash equivalents	(18,736)	11,703	(30,439)
Cash and cash equivalents at beginning of period	101,719	86,390	15,329
Cash and cash equivalents held by newly consolidated subsidiaries	50	3,625	(3,575)
Cash and cash equivalents at end of period	83,033	101,719	(18,686)

## X. Segment Information

### 1. Industry segments

#### (1) Fiscal year ended March 31, 2008

	Chemicals	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations*	Consolidated
Sales										
Customers	879,235	386,227	111,232	114,072	113,267	55,732	37,024	1,696,789	—	1,696,789
Intersegment	14,081	86	6	2,120	1,045	11,742	27,534	56,613	(56,613)	—
Total	893,316	386,313	111,238	116,192	114,312	67,474	64,559	1,753,402	(56,613)	1,696,789
Operating expenses	828,098	364,933	98,560	108,972	92,081	64,690	59,407	1,616,741	(47,608)	1,569,133
Operating profit	65,218	21,380	12,678	7,220	22,230	2,784	5,151	136,661	(9,005)	127,656
Identifiable assets, depreciation and amortization, impairment loss, and capital expenditure										
Identifiable assets	618,877	213,846	142,774	113,251	122,310	44,993	332,164	1,588,214	(162,847)	1,425,367
Depreciation and amortization	37,122	2,690	6,102	5,727	13,902	3,138	792	69,474	4,509	73,983
Impairment loss	—	—	—	3,753	1,049	—	—	4,802	—	4,802
Capital expenditure	34,344	7,451	10,007	9,255	17,018	2,507	793	81,375	1,536	82,911

\* Includes corporate operating expenses of ¥16,149 million (mainly expenses for basic research and group management), and corporate assets of ¥413,698 million, such as surplus funds (cash on hand and in banks), long-term-investment funds (investment securities, etc.), and land, etc.

#### (2) Fiscal year ended March 31, 2007

	Chemicals†	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses, Assets, and Eliminations*	Consolidated
Sales										
Customers	805,190	405,695	104,474	106,639	112,094	60,818	28,881	1,623,791	—	1,623,791
Intersegment	12,264	315	8	1,870	1,210	12,465	29,305	57,437	(57,437)	—
Total	817,454	406,011	104,483	108,509	113,303	73,283	58,186	1,681,228	(57,437)	1,623,791
Operating expenses	760,899	378,502	90,610	104,356	90,682	68,246	54,331	1,547,626	(51,635)	1,495,990
Operating profit	56,555	27,509	13,873	4,153	22,622	5,037	3,855	133,602	(5,801)	127,801
Identifiable assets, depreciation and amortization, impairment loss, and capital expenditure										
Identifiable assets	640,992	212,739	120,926	115,575	123,764	55,141	317,537	1,586,674	(126,751)	1,459,922
Depreciation and amortization	36,086	2,383	6,553	5,302	13,357	3,040	735	67,456	4,191	71,646
Impairment loss	164	—	1,659	—	—	—	—	1,823	25	1,848
Capital expenditure	46,024	2,701	5,722	6,362	16,234	2,301	760	80,104	4,308	84,413

\* Includes corporate operating expenses of ¥14,325 million (mainly expenses for basic research and group management), and corporate assets of ¥433,000 million, such as surplus funds (cash on hand and in banks), long-term-investment funds (investment securities, etc.), and land, etc.

† For comparison purposes, results in the Chemicals segment have been revised to include those in the Life & Living segment.

## 2. Geographic information

### (1) Fiscal year ended March 31, 2008

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 year ended March 31, 2007

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 year ended March 31, 2008

	East Asia*	Other regions†	Total
Overseas sales	287,862	199,475	487,337
Consolidated net sales	—	—	1,696,789
Overseas sales/ consolidated net sales	17.0%	11.8%	28.7%

### (2) Fiscal year ended March 31, 2007

	East Asia*	Other regions†	Total
Overseas sales	245,276	182,764	428,040
Consolidated net sales	—	—	1,623,791
Overseas sales/ consolidated net sales	15.1%	11.3%	26.4%

\* China, Korea, and Taiwan.

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

## XI. Overview of Operating Segments

### 1. Consolidated net sales by operating segment

(billions of yen)

	FY 2007		FY 2006*		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	879.2	51.8	805.2	49.6	74.0	+9.2
Homes	386.2	22.8	405.7	25.0	(19.5)	-4.8
Pharma	111.2	6.5	104.5	6.4	6.8	+6.5
Fibers	114.1	6.7	106.6	6.6	7.4	+7.0
Electronics Materials and Devices	113.3	6.7	112.1	6.9	1.2	+1.0
Construction Materials	55.7	3.3	60.8	3.7	(5.1)	-8.4
Services, Engineering and Others	37.0	2.2	28.9	1.8	8.1	+28.2
Total	1,696.8	100.0	1,623.8	100.0	73.0	+4.5

\* For comparison purposes, results in the Chemicals segment have been revised to include those in the Life & Living segment.

### 2. Major products, by operating segment

#### **Chemicals**

##### *Chemicals and derivative products*

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

##### *Polymer products*

- Suntec™ polyethylene (PE)
- Stylac™-AS styrene-acrylonitrile
- 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, and printing plate making systems
- Microza™ UF and MF membranes and systems
- Hipore™ microporous membrane
- Ion-exchange membranes and electrolysis systems

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

### **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
- Eltas™ spunbond, Lamous™ artificial suede, and other nonwovens
- Bemberg™ cuprammonium rayon (cupro)
- Polyester filament

### **Electronics Materials and Devices**

- Pimel™ photosensitive polyimide precursor (PSPI)
- Sunfort™ dry film photoresist (DF)
- Photomask pellicles
- LSIs
- Hall elements
- Glass fabric

### **Construction Materials**

- Hebel™ autoclaved lightweight concrete (ALC) panels
- Piles and foundation systems
- Neoma™ foam insulation panels
- Artificial fish reefs and marine structures

### **Services, Engineering and Others**

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