

Fiscal quarter ended June 2005

– supplementary financial summary –

July 28, 2005

Asahi Kasei Corporation

Consolidated results for fiscal quarter ended June 2005

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Consolidated results for fiscal quarter ended June 2005

Summary of financial results

(¥ billion)

	April-June 2004	April-Sept. 2004	April-June 2005	April-Sept. 2005 forecast	April-Sept. 2005 original forecast	April-June 2004 vs. 2005		April-Sept. 2004 vs. 2005	
						Increase (decrease)	% change	Increase (decrease)	% change
Net sales	294.8	659.3	328.6	716.0	716.0	33.8	+11.5	56.7	+8.6
Operating profit	18.2	55.1	13.6	47.5	47.5	(4.6)	-25.2	(7.6)	-13.8
<i>absent amortization*</i>	14.4	45.9	12.2	45.2	45.2	(2.2)	-15.6	(0.7)	-1.5
Ordinary profit	19.2	55.3	14.6	45.5	45.5	(4.6)	-23.9	(9.8)	-17.8
Net income	12.0	26.9	5.2	22.5	22.5	(6.8)	-56.7	(4.4)	-16.3

* Prior to amortization of actuarial differences in retirement benefits

Key operating factors

Naphtha price (¥/kL, domestic)	29,100	30,200	37,500	37,500	37,000
¥/US\$ exchange rate (market average)	109	110	108	109	105

	At end of March 2005	At end of June 2005	Increase (decrease)
Total assets	1,270.1	1,275.6	5.6
Shareholders' equity	511.7	511.6	(0.2)
Interest-bearing debt	248.8	259.6	10.8
Debt/equity ratio	0.49	0.51	0.02

Statements of income

(¥ billion)

	April–June 2004		April–June 2005		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	294.8		328.6		33.8	+11.5
Cost of sales	213.8		250.8		37.0	+17.3
Selling, general and administrative expenses	62.8		64.2		1.4	+2.2
Operating profit	18.2	6.2%	13.6	4.1%	(4.6)	−25.2
Non-operating expenses	1.0		1.0		0.0	
of which,						
financing income and expense	0.2		0.5		0.3	
equity in net earnings of unconsolidated subsidiaries and affiliates	0.6		0.3		(0.3)	
Ordinary profit	19.2	6.5%	14.6	4.4%	(4.6)	−23.9
Special gains and losses	(0.5)		(5.6)		(5.1)	
Income before income taxes and minority interest	18.7	6.3%	9.0	2.7%	(9.7)	−52.0
Income taxes	(6.5)		(3.7)		2.8	
Minority interest in income of consolidated subsidiaries	(0.2)		(0.1)		0.1	
Net income	12.0	4.1%	5.2	1.6%	(6.8)	−56.7

Sales and profit[†] by segment

(¥ billion)

	Sales			Profit [†]		
	Q1 2004	Q1 2005	Increase (decrease)	Q1 2004	Q1 2005	Increase (decrease)
Chemicals*	122.8	153.4	30.6	0.9 4.2	0.6 6.3	(0.3) 2.1
Homes	66.2	71.7	5.5	0.8 (1.2)	0.3 (2.2)	(0.5) (1.0)
Pharma	26.6	27.1	0.5	0.5 4.0	0.1 3.5	(0.4) (0.4)
Fibers*	22.5	20.5	(2.0)	0.3 1.6	0.2 0.7	(0.1) (0.9)
Electronics Materials & Devices	24.3	24.2	(0.1)	0.2 5.5	0.1 4.0	(0.2) (1.5)
Construction Materials	13.8	12.9	(1.0)	0.2 0.0	0.0 0.3	(0.2) 0.2
Life & Living	14.7	12.4	(2.3)	0.1 1.4	0.1 0.9	(0.0) (0.5)
Services, Engineering and Others	4.0	6.5	2.5	– 0.3	– 0.6	– 0.3
Corporate Expenses and Eliminations	–	–	–	0.8 (1.4)	0.1 (1.9)	(0.8) (0.5)
Consolidated	294.8	328.6	33.8	3.8 14.4	1.5 12.2	(2.3) (2.2)

* Q1 2004 figures adjusted to reflect the April 2005 transfer of Leona™ filament operations from Fibers to Chemicals.

† Operating profit prior to amortization of actuarial differences in retirement benefits; effect of amortization of actuarial differences in retirement benefits shown at upper left.

Sales increases/decreases by segment

(Q1 2004 vs. Q1 2005, ¥ billion)

	Increase (decrease) due to:				Net increase (decrease)
	Sales volume	Sales prices	of which, due to foreign exchange	Others	
Chemicals	7.4	14.0	(1.9)	9.2	30.6
Homes	(3.5)	9.0	0.0	0.0	5.5
Pharma	1.0	(0.5)	0.0	0.0	0.5
Fibers	(0.8)	(0.3)	(0.1)	(0.9)	(2.0)
Electronics Materials & Devices	0.2	(0.3)	0.0	0.0	(0.1)
Construction Materials	(1.3)	0.3	0.0	0.0	(1.0)
Life & Living	(0.5)	0.0	0.0	(1.8)	(2.3)
Services, Engineering and Others	2.8	0.0	0.0	(0.3)	2.5
Total	5.3	22.2	(2.0)	6.2	33.8

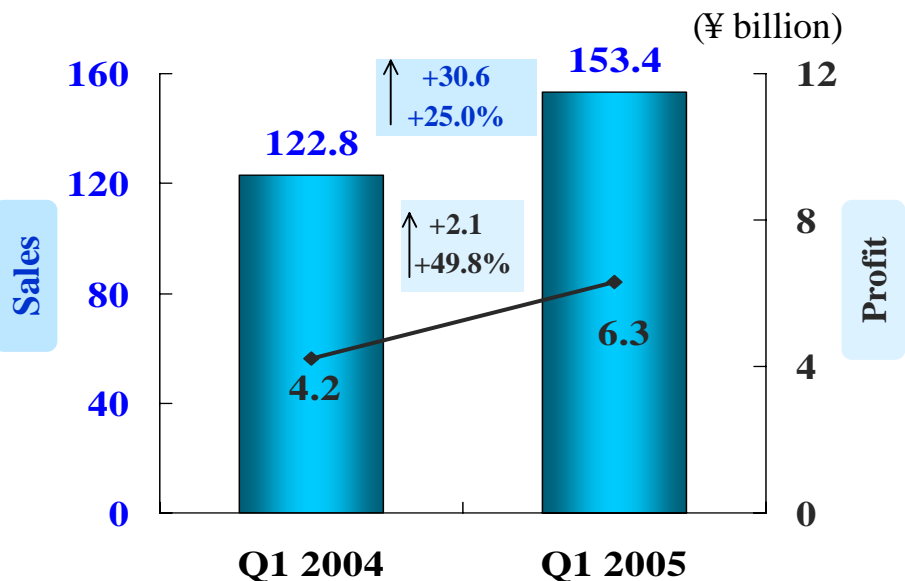
Operating profit increases/decreases by segment **AsahiKASEI**

(Q1 2004 vs. Q1 2005, ¥ billion)

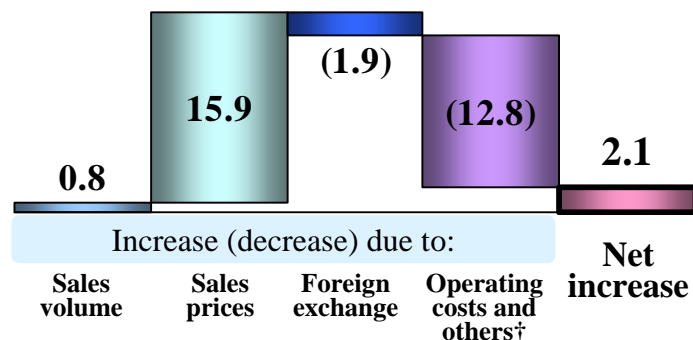
	Increase (decrease) due to:				Subtotal	Amortization effect*	Net increase (decrease)
	Sales volume	Sales prices	of which, due to foreign exchange	Operating costs and others			
Chemicals	0.8	14.0	(1.9)	(12.8)	2.1	(0.3)	1.8
Homes	(1.6)	9.0	0.0	(8.3)	(1.0)	(0.5)	(1.4)
Pharma	0.5	(0.5)	0.0	(0.4)	(0.4)	(0.4)	(0.8)
Fibers	(0.1)	(0.3)	(0.1)	(0.5)	(0.9)	(0.1)	(1.0)
Electronics Materials & Devices	0.0	(0.3)	0.0	(1.2)	(1.5)	(0.2)	(1.7)
Construction Materials	0.0	0.3	0.0	(0.1)	0.2	(0.2)	0.0
Life & Living	(0.1)	0.0	0.0	(0.4)	(0.5)	(0.0)	(0.5)
Services, Engineering and Others	0.3	0.0	0.0	0.0	0.3	–	0.3
Corporate expenses and eliminations	0.0	0.0	0.0	(0.5)	(0.5)	(0.8)	(1.3)
Total	(0.2)	22.2	(2.0)	(24.2)	(2.1)	(2.3)	(4.6)

* Effect of amortization of actuarial differences in retirement benefits.

Sales and profit*



Profit* increases/decreases



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

† Including ¥12.7 billion due to feedstock prices.

Review of operations

Sales and profit increased despite high feedstock costs.

Chemicals and derivative products:

Sales increase due to strong market conditions and overseas demand for acrylonitrile and styrene, particularly in China.

Polymer products:

Improved market conditions. Increased sales of general-purpose resins, engineering resins and elastomers.

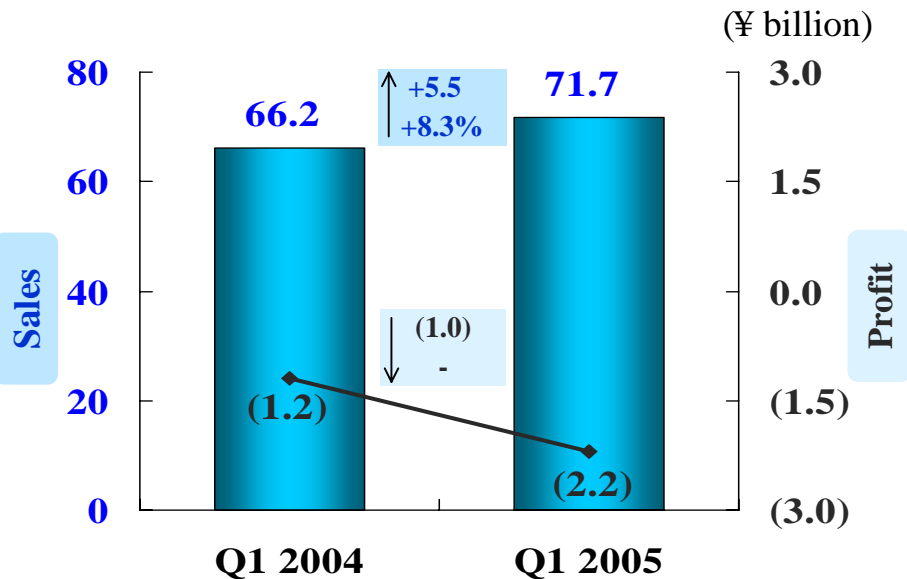
Specialty products:

Sales increase, particularly ion-exchange membrane electrolysis systems.

Highlights

- April, market launch of world's first dry-process floorwax stripper; developed jointly with Risdan Chemical Corp.
- April, decision to expand Microza™ microfiltration membrane plant.

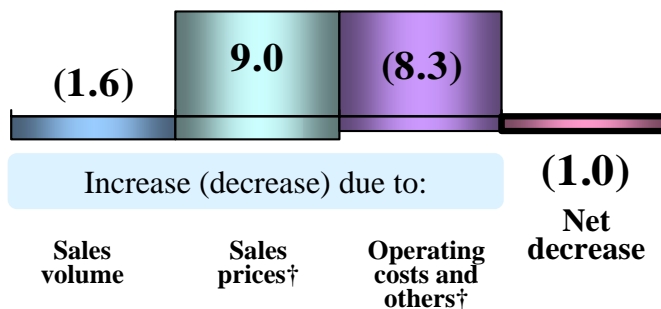
Sales and profit*



Review of operations

Increased sales due to growth in condominium units. Decreased profit due to fewer deliveries of order-built homes. Orders for rebuilding increased, but orders from first-time buyers decreased. Value of new orders down 5.0% from the first quarter a year ago. Remodeling and real estate operations on par with a year ago.

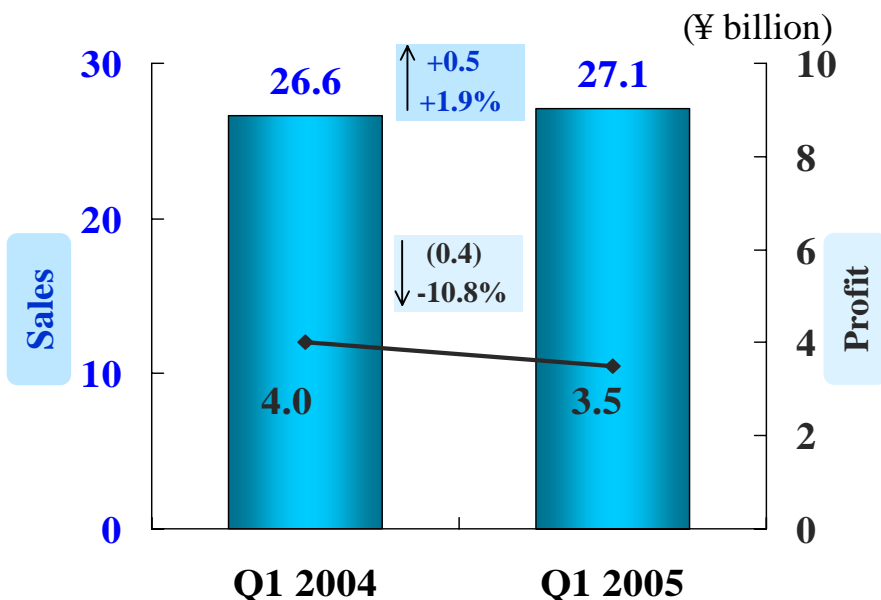
Profit* increases/decreases



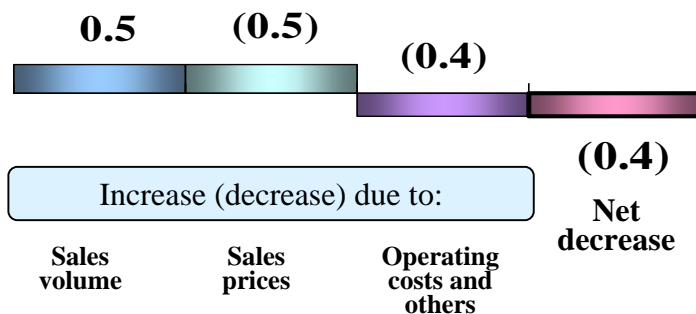
* Operating profit prior to amortization of actuarial differences in retirement benefits.

† Mainly the effect of increased sales of larger pre-built homes, resulting in higher sales prices and greater operating costs.

Sales and profit*



Profit* increases/decreases



Review of operations

The operating climate remained challenging with government measures to curtail health care expenditure. Sales increase largely through growth in Flivas™ therapy for benign prostatic hyperplasia and Toledomin™ antidepressant. Decline of profit largely the result of increased capital depreciation following expansion of plant for hemodialyzers.

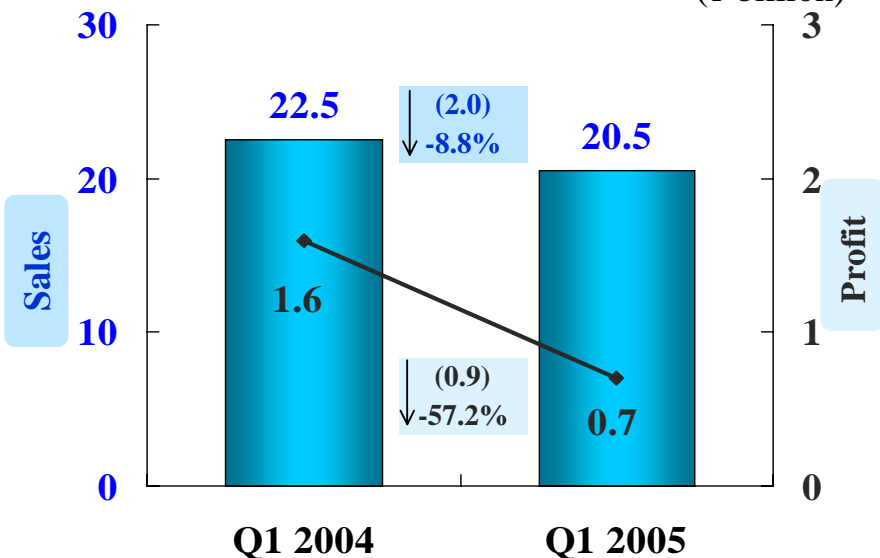
Highlights

- June, decision to rationalize pharmaceutical plants; closure of Kamishima Plant and transfer of its production to Nagoya Plant.

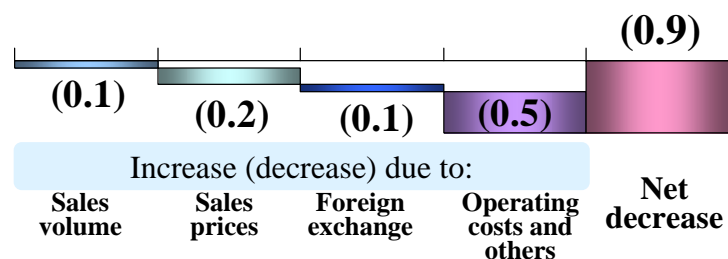
* Operating profit prior to amortization of actuarial differences in retirement benefits.

Sales and profit*

(¥ billion)



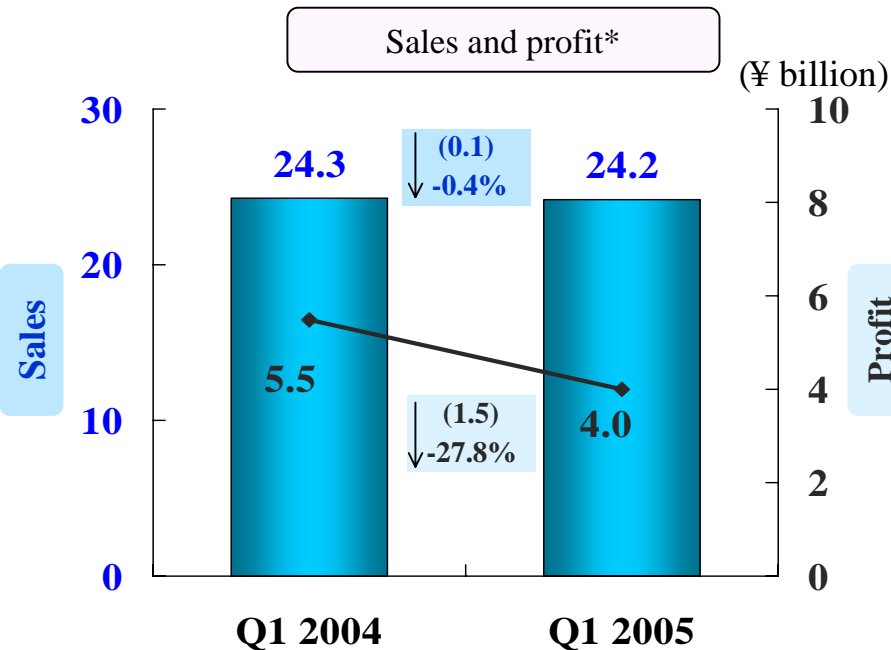
Profit* increases/decreases



Review of operations

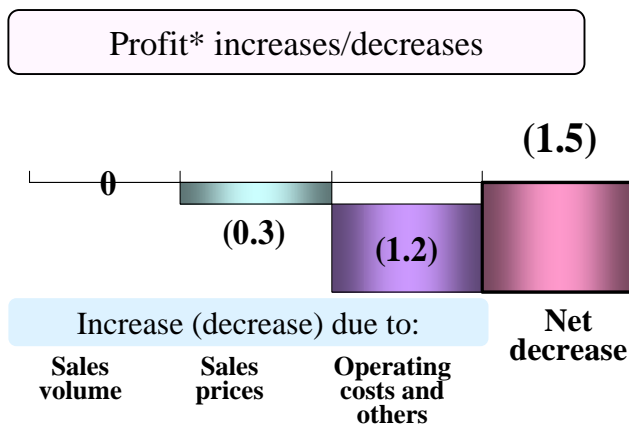
Sales for Bemberg™ cuprammonium rayon on par with a year ago. Profit decrease due to lower export of Roica™ elastic polyurethane filament and elevated feedstock prices.

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



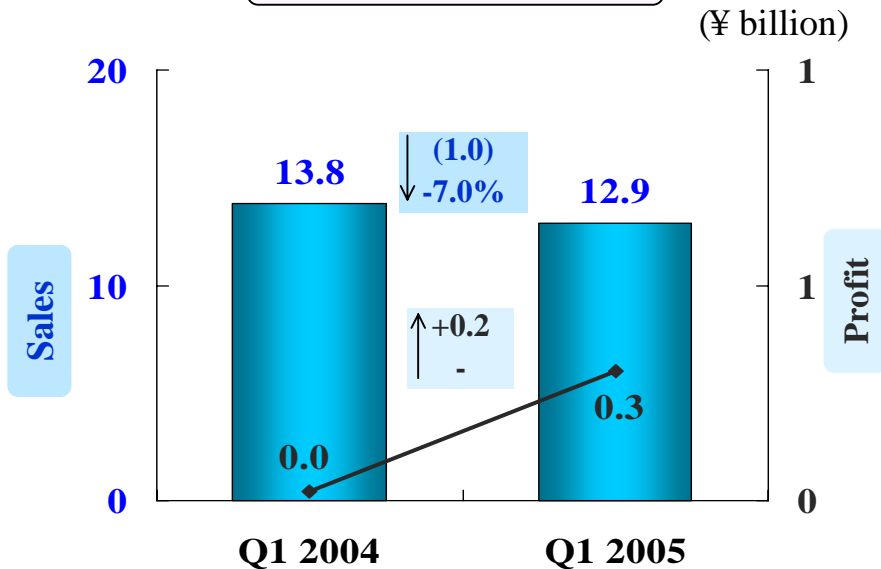
Review of operations

Sales on par with a year ago. Profit decrease due to intensified competition and elevated feedstock costs.

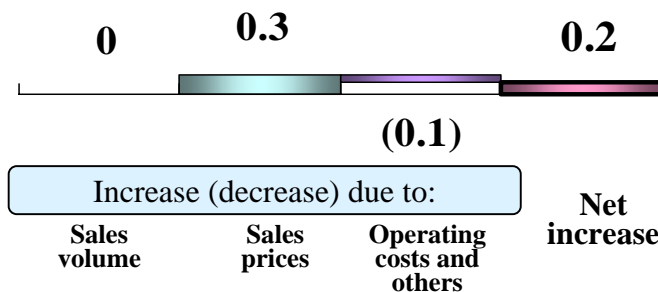


* Operating profit prior to amortization of actuarial differences in retirement benefits.

Sales and profit*



Profit* increases/decreases

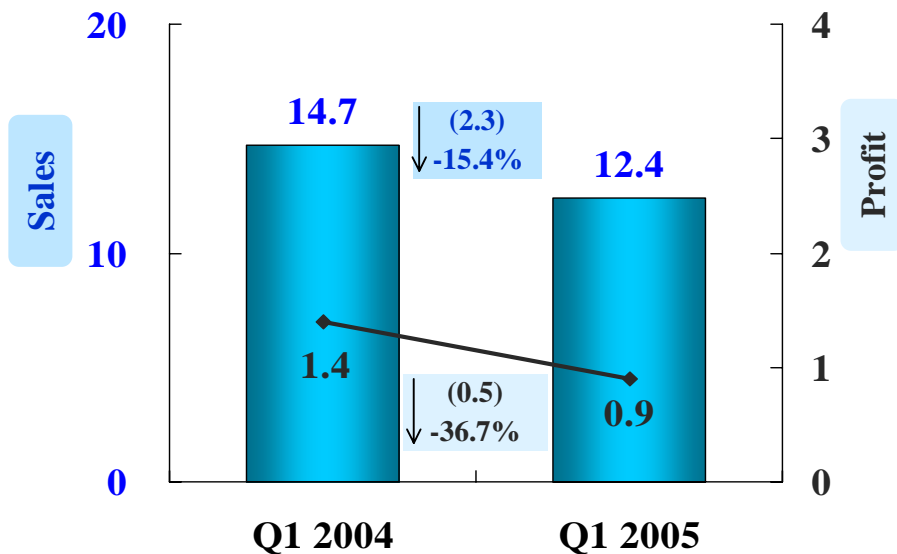


Review of operations

Sales decrease due to discontinuation of the Grande™ line of large autoclaved lightweight concrete (ALC) panels and fewer orders for pre-cast concrete piles. Profit increase due to increased sales of Hebel™ ALC panels and Neoma™ high-performance foam insulation panels.

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

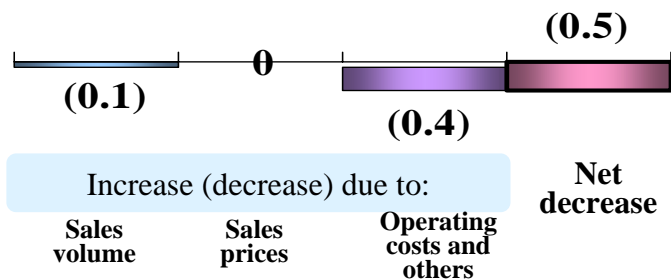
Sales and profit* (¥ billion)



Review of operations

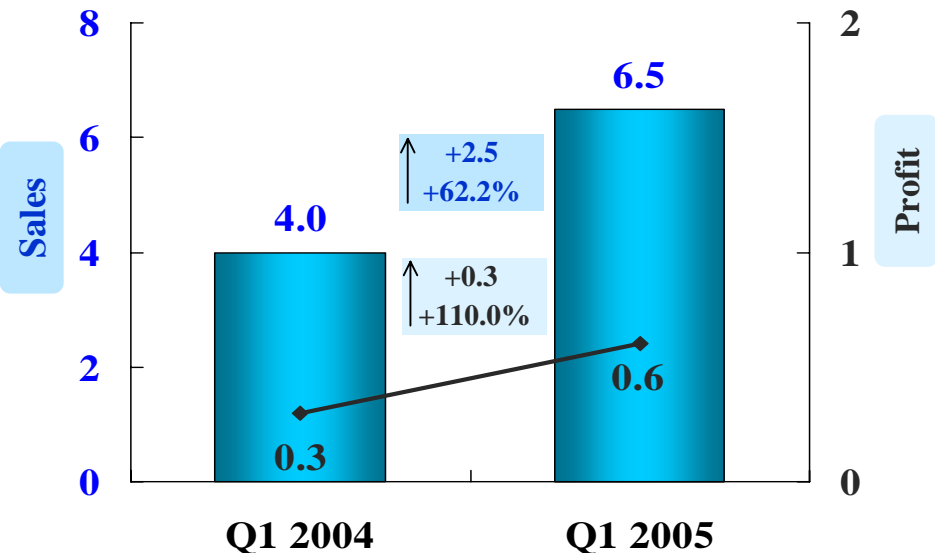
Sales increase for Saran Wrap™ cling film as a result of concerted market promotions. Total sales decrease as a result of the transfer of biaxially oriented polystyrene sheet operations to non-consolidated joint venture. Profit decrease due to elevated feedstock costs for packaging and cushioning products.

Profit* increases/decreases



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

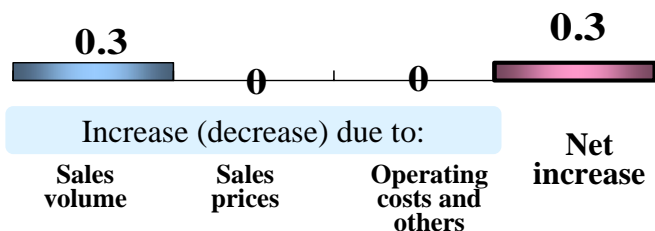
Sales and profit* (¥ billion)



Review of operations

Increased sales and profit in personnel staffing and placement operations and engineering operations.

Profit* increases/decreases



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

Balance sheets

(¥ billion)

	At end of Mar. 2005	At end of Jun. 2005	Increase (decrease)		At end of Mar. 2005	At end of Jun. 2005	Increase (decrease)
Current assets	589.7	600.8	11.0	Liabilities	752.0	757.6	5.6
Cash on hand and in banks	68.3	48.7	(19.5)	Current liabilities	403.0	411.7	8.7
Notes and accounts receivable, trade	252.2	259.8	7.6	Long-term liabilities	349.0	345.9	(3.1)
Inventories	202.5	221.9	19.3	Minority interest in consolidated subsidiaries	6.4	6.5	0.1
Other current assets	66.7	70.3	3.6	Shareholders' equity	511.7	511.6	(0.2)
Fixed assets	680.3	674.9	(5.5)	Common stock	103.4	103.4	–
Property, plant and equipment	420.0	415.5	(4.5)	Capital surplus	79.4	79.4	–
Intangible fixed assets	36.4	34.6	(1.8)	Retained earnings	295.6	295.0	(0.6)
Investments and other assets	224.0	224.8	0.9	Others	50.3	50.7	0.5
				Treasury stock, at cost	(17.0)	(17.0)	(0.0)
Total assets	1,270.1	1,275.6	5.6	Total liabilities and shareholders' equity	1,270.1	1,275.6	5.6

Cash flows

(¥ billion)

	Q1 2004	Q1 2005
a. Cash flows from operating activities	(8.1)	(14.7)
b. Cash flows from investing activities	(16.6)	(10.3)
c. Free cash flows [a+b]	(24.7)	(25.0)
d. Cash flows from financing activities	10.7	5.3
e. Effect of exchange rate changes on cash and cash equivalents	(0.0)	0.1
f. Net decrease in cash and cash equivalents [c+d+e]	(14.0)	(19.6)

g. Cash and cash equivalents at beginning of year	70.9	68.5
h. Cash and cash equivalents held by newly consolidated subsidiaries	1.0	–
I. Cash and cash equivalents at end of year [f+g+h]	57.9	48.9

Forecast for first fiscal half 2005

Sales forecast by segment

(¥ billion)

	FY 2004		FY 2005		Increase (decrease)	H1 2005 forecast in May
	Q1	1st half	Q1	1st half forecast		
Chemicals*	122.8	273.6	153.4	314.0	40.4	314.0
Homes	66.2	167.3	71.7	185.0	17.8	185.0
Pharma	26.6	52.8	27.1	54.0	1.2	54.0
Fibers*	22.5	45.7	20.5	46.0	0.3	47.0
Electronics Materials & Devices	24.3	48.1	24.2	49.0	0.9	49.0
Construction Materials	13.8	30.1	12.9	29.0	(1.1)	30.0
Life & Living	14.7	30.5	12.4	27.0	(3.5)	27.0
Services, Engineering and Others	4.0	11.3	6.5	12.0	0.7	10.0
Consolidated	294.8	659.3	328.6	716.0	56.7	716.0

*Q1 and H1 2004 figures adjusted to reflect the April 2005 transfer of Leona™ filament operations from Fibers to Chemicals.

Profit* forecast by segment

(¥ billion)

	FY 2004				FY 2005				Increase (decrease)		H1 2005 forecast in May	
	Q1		1st half		Q1		1st half forecast					
Chemicals [†]	0.9	4.2	2.5	16.4	0.6	6.3	0.9	18.1	(1.6)	1.7	0.9	16.1
Homes	0.8	(1.2)	1.6	7.4	0.3	(2.2)	0.6	7.9	(1.0)	0.5	0.6	9.4
Pharma	0.5	4.0	1.1	6.0	0.1	3.5	0.1	5.4	(1.0)	(0.6)	0.1	5.4
Fibers [†]	0.3	1.6	0.8	3.5	0.2	0.7	0.4	2.1	(0.4)	(1.4)	0.4	2.6
Electronics Materials & Devices	0.2	5.5	0.5	10.1	0.1	4.0	0.0	8.5	(0.5)	(1.6)	0.0	8.5
Construction Materials	0.2	0.0	0.7	0.8	0.0	0.3	0.0	1.5	(0.7)	0.7	0.0	1.5
Life & Living	0.1	1.4	0.4	2.5	0.1	0.9	0.1	2.9	(0.3)	0.4	0.1	2.9
Services, Engineering and Others	—	0.3	—	0.8	—	0.6	—	1.0	—	0.2	—	1.0
Corporate Expenses and Eliminations	0.8	(1.4)	1.7	(1.7)	0.1	(1.9)	0.1	(2.1)	(1.6)	(0.4)	0.1	(2.1)
Consolidated	3.8	14.4	9.2	45.9	1.5	12.2	2.4	45.2	(6.8)	(0.7)	2.4	45.2

* Operating profit prior to amortization of actuarial differences in retirement benefits; effect of amortization of actuarial differences in retirement benefits shown at upper left.

† Q1 and H1 2004 figures adjusted to reflect the April 2005 transfer of Leona™ filament operations from Fibers to Chemicals.

Appendix

Sales and order trends

(¥ billion, percent change from same period of previous year shown at right)

		Sales of order-built homes	Sales of pre-built homes	Other sales*	Total sales	Value of new orders during the term	Order backlog
FY 00	H1	147.3 (+5.1%)	9.3 (+32.9%)	–	156.6 (+6.4%)	156.3 (+0.3%)	295.8
	H2	166.6 (-1.6%)	10.4 (+15.6%)	–	177.0 (-0.7%)	143.3 (-10.7%)	272.6
	annual	313.9 (+1.4%)	19.7 (+23.1%)	–	333.6 (+2.5%)	299.6 (-5.3%)	
FY 01	H1	144.7 (-1.8%)	7.5 (-19.4%)	–	152.3 (-2.7%)	141.7 (-9.3%)	269.5
	H2	144.9 (-13.0%)	9.0 (-13.5%)	–	153.9 (-13.1%)	131.3 (-8.4%)	255.9
	annual	289.6 (-7.7%)	16.5 (-16.2%)	–	306.2 (-8.2%)	273.0 (-8.9%)	
FY 02	H1	121.9 (-15.8%)	6.5 (-13.3%)	–	128.4 (-15.7%)	139.3 (-1.7%)	273.3
	H2	141.4 (-2.4%)	10.2 (+13.3%)	–	151.6 (-1.5%)	150.0 (+14.2%)	282.0
	annual	263.3 (-9.1%)	16.7 (+1.2%)	–	280.0 (-8.6%)	289.3 (+6.0%)	
FY 03	H1	121.2 (-0.6%)	5.3 (-18.5%)	0.5	126.9 (-1.3%)	161.4 (+15.9%)	322.2
	H2	159.9 (13.1%)	30.8 (+200.9%)	0.6	191.2 (+26.0%)	156.7 (+4.5%)	319.0
	annual	281.1 (+6.8%)	36.0 (+117.0%)	1.1	318.2 (+13.5%)	318.1 (+9.9%)	
FY 04	Q1	53.4 (+44.9%)	2.5 (+193.2%)	0.3	56.2 (+49.0%)	79.6 (+0.9%)	345.2
	H1	138.9 (+14.6%)	6.6 (+25.3%)	0.5	146.0 (+15.0%)	153.1 (-5.1%)	333.2
	H2	171.9 (+7.5%)	13.6 (-55.9%)	0.6	186.0 (-2.8%)	148.7 (-5.1%)	310.1
	annual	310.7 (+10.6%)	20.1 (-44.1%)	1.1	332.0 (+4.3%)	301.8 (-5.1%)	
FY 05	Q1	48.7 (-8.8%)	11.6 (+363.0%)	0.2	60.5 (+7.6%)	75.6 (-5.0%)	336.9
	H1 forecast	139.5 (+0.4%)	21.8 (+232.2%)	0.4	161.7 (+10.8%)	151.5 (-1.1%)	322.0

* Including commissions on property insurance.

Sales of Asahi Kasei Pharma Corporation (¥ billion)

		FY 2004		FY 2005
		Q1	total	Q1
	Pharmaceuticals	12.1	49.3	12.7
	Others	3.7	11.6	4.2
Non-consolidated		15.8	60.9	16.9
Asahi Kasei Medical		9.4	38.9	9.1
Others		1.5	6.2	1.1
Consolidated		26.6	106.0	27.1

Main pharmaceuticals domestic sales (¥ billion)

	FY 2004		FY 2005
	Q1	total	Q1
Elcitonin™	4.1	18.8	4.0
Bredinin™	1.6	6.5	1.6
Flivas™	2.0	7.2	2.2
Toledomin™	1.3	4.8	1.6
Exacin™	0.4	1.5	0.3
Ricamycin™	0.2	1.1	0.2
Eril™	0.4	1.4	0.4

– 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.