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Consolidated Results for 1st to 3rd Quarter Fiscal 2008: April 1, 2008 – December 31, 2008

(Unaudited; 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)

	Q1–Q3 2008	Q1–Q3 2007
Net sales	1,223,002	1,240,318 [+4.5%]
Operating profit	50,055	98,121 [+4.2%]
Ordinary profit	46,342	98,048 [+4.8%]
Net income	24,995	61,381 [+8.0%]
Net income per share*	17.87	43.88
Diluted net income per share*	—	—

* Yen

Note: Percent change is omitted as quarterly accounting standards of the Accounting Standards Board of Japan (ASBJ) are newly applied in the current fiscal year.

2. Financial position

At end of	December 2008	March 2008
Total assets	1,520,302	1,425,367
Net assets	649,591	674,156
Net worth/total assets	42.2%	46.7%
Net worth per share*	458.89	476.39

* Yen

Notes:
- Net worth consists of shareholders' equity and valuation, translation adjustments, and others.
- Net worth as of December 31, 2008, was ¥641,688 million; as of March 31, 2008, ¥666,244 million.

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2007	—	6.00	—	7.00	13.00
2008	—	7.00			10.00
2008 (forecast)				3.00	

* Yen

Note: Forecast for cash dividend has been revised.

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

1. Latest forecast (percent change from result in year-ago period in brackets)

Net sales	1,571,000 [−7.4%]
Operating profit	40,100 [−68.6%]
Ordinary profit	34,000 [−71.8%]
Net income	14,000 [−80.0%]
Net income per share*	10.01

* Yen

2. Comparison with previous fiscal 2008 forecast

(billions of yen)

	Previous forecast	Revised forecast	Increase (decrease)	*cf.* fiscal 2007 results
Net sales	1,739.0	1,571.0	(168.0)	1,696.8
Operating profit	95.0	40.1	(54.9)	127.7
Ordinary profit	95.0	34.0	(61.0)	120.5
Net income	55.0	14.0	(41.0)	69.9

Notes:

- 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.
- The forecast for the fiscal 2008 announced on November 5, 2008, has been revised.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the nine-month period ended December 31, 2008: None.

2. Adoption of simplified accounting methods and special accounting methods for preparation of quarterly consolidated financial statements.

   1) Simplified accounting methods

   Method of calculating allowance for doubtful accounts: Because the rate of unrecoverable receivables as of December 31, 2008, was not significantly different than that estimated at the end of the previous fiscal year, the rate of unrecoverable receivables as of the end of the previous fiscal year was used as a basis for estimating allowance for doubtful accounts.

   Valuation of inventories: No physical inventory as of December 31, 2008, was performed. Rather, the value of inventories is calculated using a reasonable method based on the physical inventory performed at the end of the previous fiscal year. The carrying amount of inventories is reduced to the estimated net sale price only where a decrease in profitability is apparent.

   Method of calculating depreciation of fixed assets: For assets depreciated using the declining-balance method, depreciation expenses for the fiscal year are calculated in proportion to the fiscal period.

   Method of calculating deferred tax assets and liabilities: When there is no significant change in the operating environment or in the occurrence of temporary differences after the end of the previous fiscal year, collectibility of deferred tax assets is calculated based on the performance forecasts and tax planning used in the previous fiscal year. However, when there is significant change in the operating environment or in the occurrence of temporary differences after the end of the previous fiscal year, collectibility of deferred tax assets is calculated based on the performance forecasts and tax planning used in the previous fiscal year together with the effect of such significant change.

2) Special accounting methods for presenting quarterly consolidated financial statements.

Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

3. Changes in accounting principles/procedures, changes in methods of presentation in preparation of quarterly consolidated financial statements: Yes.

1) Application of Accounting Standard for Quarterly Financial Reporting and related guidance.

Accounting Standards for Quarterly Financial Reporting (ASBJ Statement No. 12) and Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14) are applied beginning with the current fiscal year, ending March 31, 2009. Quarterly consolidated financial statements are prepared in accordance with Regulation for Quarterly Consolidated Financial Reporting.

2) Application of Accounting Standard for Measurement of Inventories.

Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9) is applied beginning with the first quarter ended June 30, 2008. Previously, inventories were stated at the lower of cost or market value (residential lots and dwellings of sale were stated at specifically identified costs). Now, inventories held for sale in the ordinary course of business are stated at the lower of cost or net sales value. The effect is that operating profit is lower by ¥5,825 million and ordinary profit and income before income taxes and minority interests are lower by ¥1,456 million than they would have been using the previous method.

3) Application of Practical Solution on Unification of Accounting Polices Applied to Foreign Subsidiaries for Consolidated Financial Statements.

Practical Solution on Unification of Accounting Polices Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ Practical Issues Task Force No. 18) is applied beginning with the first quarter ended June 30, 2008, and necessary modifications have been made for consolidation. The impact of this change is immaterial.

4) Application of Accounting Standard for Lease Transactions and related guidance.

Financial lease transactions without title transfer were formerly accounted for as operating leases. Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and Guidance on Accounting Standard for Lease Transaction (ASBJ Guidance No. 16) are applied voluntarily beginning with the first quarter ended June 30, 2008. The accounting standard requires that all financial leases be capitalized. Leased assets related to financial lease transactions without title transfer are depreciated on a straight-line basis, with their useful lives as the lease periods and no residual value. For financial lease transactions without title transfer whose transaction date precedes the application of the new standard and guidance, the previous method of accounting for lease transactions continues to be applied. The impact of this change is immaterial.

5) Change of standard for conversion of sales and costs at foreign subsidiaries, etc.

Beginning with the first fiscal quarter ended June 30, 2008, the standard for conversion of sales and costs at foreign subsidiaries, etc. to yen was changed from conversion at the spot foreign exchange value at the date of closing to conversion at the average market value during the fiscal period. This change was applied so that operating performance shown in yen more closely matches actual operating performance. The impact of this change is immaterial.

6) Change of evaluation standard and method of evaluation for other securities whose fair values are readily determinable.

Beginning with the first fiscal quarter ended June 30, 2008, the evaluation standard and method of evaluation for other securities whose fair values are readily determinable was changed from a method based on the average market value during the month preceding the date of closing to the conventional method based on the market value as of the date of closing. This change was applied so that the financial condition be shown more accurately. As a result, investment securities are higher by ¥2,717 million, deferred income tax liabilities are higher by ¥1,111 million, net unrealized gain on securities is higher by ¥1,619 million, and income before income taxes and minority interests is lower by ¥13 million than they would have been using the previous standard and method.

4. Additional Information

With regard to the cost of remediation work to restore deficient eave assembly specifications for certain order-built homes delivered by consolidated subsidiary Asahi Kasei Homes Corp. other than that attributable to the company, a memorandum has been concluded with the supplier of soffit panels, and expenses forecast to be incurred are seen to be recoverable.

Expenses forecast for remediation work including that attributable to the company are included in allowance for after-care of products in the consolidated balance sheets, and the amount to be recovered from the supplier is included in other under current assets and in other under investments and other assets in the consolidated balance sheets.

5. Number of shares outstanding

	Q1–Q3 2008	FY 2007
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of shares of treasury stock at end of period	4,258,137	4,080,805
Average number of shares outstanding during period	1,398,443,738	1,398,772,412*

* Q1–Q3 2007

V. Overview of Consolidated Results

1. Consolidated group results

The global economic environment entered a severe downturn during the nine-month period, as US financial instability developed into a global financial crisis with major effects on the real economy. As the Japanese economy also deteriorated with corporate earnings diminishing due to a broad fall in demand and a rapid appreciation of the exchange value of the yen as an effect of the sharp global economic slowdown, and with domestic consumer spending declining, the operating climate for Asahi Kasei and its consolidated subsidiaries (the Asahi Kasei Group) was extremely challenging.

Although performance in the Homes and Pharma segments was sound, the Chemicals segment in particular was sharply impacted by rapidly deteriorating market conditions and the rapid strengthening of the yen, and consolidated net sales for the period decreased slightly by ¥17.3 billion (1.4%) from a year ago to ¥1,223.0 billion. Operating profit decreased by ¥48.1 billion (49.0%) to ¥50.1 billion. Ordinary profit was ¥46.3 billion, a decrease of ¥51.7 billion (52.7%). Net income was ¥25.0 billion, a decrease of ¥36.4 billion (59.3%).

2. Results by operating segment

CHEMICALS

Sales decreased by ¥39.8 billion (6.0%) from a year ago to ¥623.0 billion and operating profit decreased by ¥37.0 billion (67.1%) to ¥18.1 billion.

Specialty products such as Hipore™ microporous membrane separator for Li-ion rechargeable batteries generally performed well. Volume products, comprising chemicals/derivative products and polymer products, had decreased shipments and lower sales prices due to slack market conditions in Japan and overseas, and were sharply impacted by a higher yen exchange value.

HOMES

Sales increased by ¥30.6 billion (12.2%) from a year ago to ¥282.4 billion and operating profit increased by ¥2.7 billion (33.9%) to ¥10.8 billion. Orders for order-built homes decreased by ¥6.0 billion (2.7%) to ¥216.9 billion.

In order-built home operations, the number of deliveries of Hebel Haus™ unit homes recovered from a decline which resulted from an incident of falsified building material performance as came to light in October 2007. Pre-built home operations performed well with deliveries of large condominiums. Housing-related operations performed well, particularly remodeling operations.

PHARMA

Sales increased by ¥6.7 billion (7.8%) from a year ago to ¥92.4 billion and operating profit decreased slightly by ¥0.1 billion (0.5%) to ¥13.0 billion.

Although pharmaceuticals operations were impacted by reimbursement price reductions, operating profit increased with licensing income for the Famvir™ antiviral for herpes zoster. Devices operations had increased sales, particularly of Planova™ virus removal filters, but were impacted by elevated capital depreciation following plant expansions and by a higher yen exchange value.

FIBERS

Sales decreased by ¥3.8 billion (4.6%) from a year ago to ¥80.2 billion and operating profit decreased by ¥4.3 billion (82.2%) to ¥0.9 billion.

Shipments of Roica™ elastic polyurethane filament decreased with slack overseas market conditions, and performance was impacted by a higher yen exchange value. Shipments of Bemberg™ regenerated cellulose fiber and of spunbond and other nonwovens decreased with slack market conditions.

Electronics Materials & Devices
Sales decreased by ¥9.1 billion (10.5%) from a year ago to ¥77.7 billion and operating profit decreased by ¥8.6 billion (50.6%) to ¥8.4 billion.

Product shipments for both electronic materials and electronic devices decreased due to slack market conditions in consumer electronics, IT equipment, and the electronics industry in general, and performance was impacted by a higher yen exchange value.

Construction Materials
Sales increased by ¥4.6 billion (10.6%) from a year ago to ¥48.0 billion and operating profit decreased by ¥1.0 billion (35.7%) to ¥1.9 billion.

Shipments of the BasePack™ earthquake-resistant column base attachment system increased, as did shipments of foundation systems such as Eazet™ and ATT Column™ piling systems for small-scale construction and the DynaWing™ pre-cast piling system featuring minimal soil disposal and high load-bearing capacity. Performance in Hebel™ autoclaved lightweight concrete (ALC) panels was impacted by high feedstock and fuel costs.

Services, Engineering and Others
Sales decreased by ¥6.5 billion (25.1%) from a year ago to ¥19.3 billion and operating profit increased by ¥0.6 billion (17.6%) to ¥4.1 billion.

In engineering, overseas plant engineering decreased with the completion of a major phase of work, while business related to the provision of services for Asahi Kasei Group operations performed well.

VI. Consolidated Balance Sheets

	At end of Dec. 2008	At end of March 2008
Assets		
Current assets	814,937	740,075
Cash on hand and in banks	112,893	82,903
Notes and accounts receivable, trade	273,443	298,788
Marketable securities	223	303
Merchandise and finished goods	159,095	131,505
Work in progress	111,334	93,597
Raw materials and supplies	54,461	47,269
Deferred income taxes	24,380	26,130
Other	80,324	61,239
Allowance for doubtful accounts	(1,216)	(1,660)
Fixed assets	705,365	685,292
Property, plant and equipment, net of accumulated depreciation	440,475	424,193
Buildings	387,942	377,385
Less: Accumulated depreciation	(221,057)	(217,434)
Buildings – net	166,885	159,951
Machinery and equipment	1,151,749	1,123,378
Less: Accumulated depreciation	(983,284)	(958,159)
Machinery and equipment – net	168,464	165,220
Land	54,260	54,096
Leased assets	1,753	–
Less: Accumulated depreciation	(125)	–
Leased assets – net	1,628	–
Construction in progress	32,233	29,339
Other	109,827	103,908
Less: Accumulated depreciation	(92,822)	(88,320)
Other – net	17,005	15,588
Intangible fixed assets	38,387	26,226
Goodwill	7,730	5,707
Other	30,657	20,519
Investments and other assets	226,502	234,873
Investment securities	168,307	190,991
Long-term receivables	3,584	4,703
Deferred income taxes	22,605	12,777
Other	32,167	26,514
Allowance for doubtful accounts	(161)	(113)
Total assets	1,520,302	1,425,367

	At end of Dec. 2008	At end of March 2008
Liabilities		
Current liabilities	628,053	513,413
Notes and accounts payable, trade	172,739	155,120
Short-term borrowings	102,945	43,220
Commercial paper	94,000	55,000
Current portion of corporate bonds	25,000	25,000
Short-term lease obligations	332	–
Accrued income taxes	7,428	9,730
Deferred tax liabilities	11	58
Accrued expenses	84,979	108,947
Advanced received	61,356	49,718
Allowance for repairs	1,568	4,716
Allowance for after-care of products	11,090	6,018
Other current liabilities	66,606	55,885
Long-term liabilities	242,658	237,798
Corporate bonds	5,000	25,000
Long-term borrowings	92,354	63,187
Deferred tax liabilities	6,259	9,155
Long-term lease obligations	1,301	–
Retirement benefits for employees	111,606	116,133
Retirement benefits for directors and corporate auditors	988	997
Allowance for repairs	4,055	2,078
Advanced received	18,949	18,935
Other long-term liabilities	2,146	2,314
Total liabilities	870,711	751,211
Net assets		
Shareholders' equity	619,236	613,042
Common stock	103,389	103,389
Capital surplus	79,416	79,427
Retained earnings	438,533	432,246
Treasury stock, at cost	(2,101)	(2,019)
Valuation, translation adjustments, and others	22,451	53,201
Net unrealized gain on securities	31,911	51,091
Net deferred profit on hedges	961	11
Revaluation surplus	–	873
Cumulative translation adjustments	(10,421)	1,226
Minority interest in consolidated subsidiaries	7,903	7,912
Total net assets	649,591	674,156
Total liabilities and net assets	1,520,302	1,425,367

VII. Consolidated Statements of Income

	Q1–Q3 2008
Net sales	1,223,002
Cost of sales	959,511
Gross profit	263,491
Selling, general and administrative expenses	213,436
Operating profit	50,055
Non-operating income	6,209
Interest income	776
Dividend income	2,368
Equity in net earnings of unconsolidated subsidiaries and affiliates	865
Other	2,200
Non-operating expenses	9,922
Interest expense	3,092
Foreign exchange loss, net	3,487
Other	3,343
Ordinary profit	46,342
Special gains	559
Gain on sale of investment securities	17
Gain on sale of property, plant and equipment	542
Special losses	3,052
Loss on devaluation of investment securities	335
Loss on disposal of property, plant and equipment	2,445
Impairment loss	273
Income before income taxes and minority interest	43,848
Income taxes	18,310
Minority interest in income of consolidated subsidiaries	543
Net income	24,995

VIII. Cash flows

	Q1–Q3 2008
Cash flows from operating activities:	
Income before income taxes and minority interest	43,848
Depreciation and amortization	58,330
Impairment loss	273
Amortization of goodwill	472
Amortization of negative goodwill	(70)
Decrease in allowance for repairs	(1,171)
Increase in allowance for after-care of products	5,072
Decrease in accrued pension and severance costs	(4,344)
Interest and dividend income	(3,144)
Interest expense	3,092
Equity in net earnings of unconsolidated subsidiaries and affiliates	(865)
Gain on sale of investment securities	(17)
Loss on devaluation of investment securities	335
Gain on sale of property, plant and equipment	(542)
Loss on disposal of property, plant and equipment	2,445
Decrease in notes and accounts receivable, trade	20,469
Increase in inventories	(56,113)
Increase in notes and accounts payable, trade	21,163
Decrease in accrued expenses	(23,462)
Increase in advances received	11,642
Other	(13,042)
Subtotal	64,371
Interest and dividend income, received	4,790
Interest expense, paid	(3,333)
Income taxes, paid	(24,220)
Net cash provided by operating activities	41,608
Cash flows from investing activities:	
Payments for acquisition of property, plant and equipment	(68,525)
Proceeds from sale of property, plant and equipment	1,561
Payments for acquisition of intangible fixed assets	(20,619)
Payments for purchase of marketable securities	(10,623)
Proceeds from sale of marketable securities	171
Payments for loan receivables	(3,949)
Collections of loan receivables	3,966
Other	(1,080)
Net cash used in investing activities	(99,098)
Cash flows from financing activities:	
Proceeds from short-term borrowings	44,377
Proceeds from issuance of commercial paper	39,000
Proceeds from long-term loans	48,700
Repayment of long-term loans	(1,657)
Repayment of bonds	(20,000)
Payments for purchase of treasury stock	(220)
Proceeds from sale of treasury stock	122
Dividends paid by parent company	(19,581)
Dividends paid to minority interests in consolidated subsidiaries	(321)
Other	432
Net cash used provided by financing activities	90,852
Effect of exchange rate changes on cash and cash equivalents	(3,472)
Net increase in cash and cash equivalents	29,889
Cash and cash equivalents at beginning of period	83,033
Cash and cash equivalents at end of period	112,923

IX. Operating Segment Information

1. Consolidated net sales

(billions of yen)

	Q1–Q3 2007	Q1–Q3 2008	Increase (decrease)	Fiscal 2008 forecast
Chemicals	662.8	623.0	(39.8)	753.0
Homes	251.7	282.4	30.6	409.0
Pharma	85.7	92.4	6.7	122.0
Fibers	84.1	80.2	(3.8)	106.0
Electronics Materials & Devices	86.8	77.7	(9.1)	92.0
Construction Materials	43.4	48.0	4.6	61.0
Services, Engineering and Others	25.8	19.3	(6.5)	28.0
Total	1,240.3	1,223.0	(17.3)	1,571.0

2. Consolidated operating profit (loss)

(billions of yen)

	Q1–Q3 2007	Q1–Q3 2008	Increase (decrease)	Fiscal 2008 forecast
Chemicals	55.1	18.1	(37.0)	7.0
Homes	8.1	10.8	2.7	22.0
Pharma	13.0	13.0	(0.1)	13.0
Fibers	5.2	0.9	(4.3)	(0.5)
Electronics Materials & Devices	17.0	8.4	(8.6)	2.0
Construction Materials	2.9	1.9	(1.0)	1.5
Services, Engineering and Others	3.5	4.1	0.6	5.0
Combined	104.8	57.2	(47.7)	50.0
Corporate expenses and eliminations	(6.7)	(7.1)	(0.4)	(9.9)
Consolidated	98.1	50.1	(48.1)	40.1

3. Operating profit increases/decreases by segment

(billions of yen)

	Increase (decrease) due to:				Net increase (decrease)
	Sales volume	Sales prices [*of which,*	*due to foreign exchange*]	Operating costs and others	
Chemicals	(9.2)	20.0	*(14.7)*	(47.8)	(37.0)
Homes	3.9	(1.4)	—	0.2	2.7
Pharma	5.5	(5.3)	*(1.4)*	(0.2)	(0.1)
Fibers	(1.1)	0.2	*(2.2)*	(3.4)	(4.3)
Electronics Materials & Devices	(1.0)	(6.0)	*(3.0)*	(1.5)	(8.6)
Construction Materials	0.8	0.9	—	(2.7)	(1.0)
Services, Engineering and Others	0.5	0.0	*0.0*	0.1	0.6
Corporate expenses and eliminations	—	—	—	(0.4)	(0.4)
Consolidated	(0.6)	8.2	*(21.2)*	(55.7)	(48.1)

4. Contract trends for home construction operations

	Q1–Q3 2007	Q1–Q3 2008	Increase (decrease)	Fiscal 2008 forecast
No. of orders received (home units)	9,531	8,948	(583)	12,210
Value of orders received (¥ billion)	222.9	216.9	(6.0)	289.0
Backlog of orders (¥ billion)	315.3	310.7	(4.6)	280.9
No. of sales (home units)	8,018	8,152	134	12,690
Value of sales (¥ billion)	197.4	204.9	7.5	307.0

5. Key operating factors

	Q1–Q3 2007	Q1–Q3 2008	Increase (decrease)	Fiscal 2008 forecast
Naphtha price (yen/kL, domestic)	59,700	69,600	9,900	58,230
Yen/US$ exchange rate (market average)	117	103	(14)	100
Yen/€ exchange rate (market average)	163	151	(12)	143

6. Interest-bearing debt

(billions of yen)

	At end of March 2008	At end of Dec. 2008	Increase (decrease)
Short-term borrowings	43.2	102.9	59.7
Commercial paper	55.0	94.0	39.0
Corporate bonds	50.0	30.0	(20.0)
Long-term debt	63.2	92.4	29.2
Lease obligations	—	1.6	1.6
Total	211.4	320.9	109.5