

Asahi Kasei Corporation

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December 12, 2007

Revision of Consolidated Results for 1st Half Fiscal Year 2007

Consolidated Results for 1st Half Fiscal Year 2007 announced on October 31, 2007, have been revised as follows:

Reasons for revision

As an effect of the situation as described in the October 30, 2007 news release *Improper Acquisition of Ministerial Certification by Nichias Corp.*, the forecast for consolidated results for fiscal 2007 has been revised. Certain entries recorded in Consolidated Results for 1st Half Fiscal Year 2007 were revised in accordance with the new forecast and to effect other corrections.

Although costs associated with remediation work to restore original performance specifications to the homes will be incurred subsequent to the closing date, no effect on consolidated results for the first half of fiscal 2007 is anticipated as these costs will be claimed from Nichias Corp.

Revised portions

Portions of Consolidated Results for 1st Half Fiscal Year 2007 which have been revised are displayed in underlined form. Those arising in connection with the situation as described in the October 30, 2007 news release *Improper Acquisition of Ministerial Certification by Nichias Corp.* are shown in the following locations:

- Page 2, Part III
- Page 4, Part VI., Section 2, HOMES

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December 12, 2007

Consolidated Results for 1st Half Fiscal Year 2007
April 1, 2007 – September 30, 2007

(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)

	H1 2007	H1 2006
Net sales	830,757 [+8.0%]	768,878 [+7.0%]
Operating profit	63,689 [+25.6%]	50,690 [+6.8%]
Ordinary profit	63,145 [+29.5%]	48,765 [+3.2%]
Net income	38,019 [+31.3%]	28,958 [+13.9%]
Net income per share*	27.18	20.69
Diluted net income per share*	—	—

* Yen

Note:

Equity in profit of unconsolidated subsidiaries and affiliates: ¥2,236 million; during first half of previous fiscal year, ¥517 million.

2. Financial position

At end of	September 2007	September 2006
Total assets	1,445,084	1,459,818
Net assets	669,188	620,118
Net worth/total assets	45.8%	42.0%
Net worth per share*	473.43	438.06

* Yen

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

3. Cash flows

	H1 2007	H1 2006
Cash flows from operating activities	43,538	47,660
Cash flows from investing activities	(32,026)	(40,913)
Cash flows from financing activities	(37,644)	(2,104)
Cash and cash equivalents at end of period	76,000	93,362

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2006	—	5.00	—	7.00	12.00
2007	—	6.00	—	—	—
2007 (forecast)	—	—	—	7.00	13.00

* Yen

III. Forecast for Fiscal 2007 (April 1, 2007 – March 31, 2008)

Net sales	<u>1,714,000</u>
Operating profit	<u>130,000</u>
Ordinary profit	<u>129,000</u>
Net income	<u>76,000</u>
Net income per share*	<u>54.34</u>

*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.
- Effects associated with the situation as described in the October 30, 2007 news release *Improper Acquisition of Ministerial Certification by Nichias Corp.* are reflected in forecast financial results.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period ended September 30, 2007: 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 half year ended September	2007	2006
Number of shares outstanding at end of period	1,402,616,332	1,442,616,332
Number of treasury stocks at end of period	3,932,133	43,210,080

V. Summary of Non-Consolidated Results

1. Results for fiscal half year ended September 30, 2007

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

	H1 2007	H1 2006
Net sales	24,064 [+4.7%]	22,984 [-7.8%]
Operating profit	15,851 [+0.8%]	15,720 [-12.3%]
Ordinary profit	16,469 [+1.8%]	16,178 [-13.2%]
Net income	18,131 [+8.2%]	16,755 [-4.4%]
Net income per share*	12.96	11.97
Diluted net income per share*	—	—

* Yen

(2) Financial position

At end of September March	2007	2006
Total assets	663,192	726,969
Net assets	407,836	409,308
Net worth/total assets	61.5	56.3
Net worth per share*	291.55	292.44

* Yen

2. Forecast for Fiscal 2007 (April 1, 2007 – March 31, 2008)

Net sales	46,000
Operating profit	29,000
Ordinary profit	30,000
Net income	32,500
Net income per share*	23.24

* 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

Despite concerns about the outlook for the US economy and weak domestic consumer spending, the Japanese economy continued to grow during the six-month period, with strong corporate earnings and an improved employment situation. The operating environment nevertheless remained challenging as crude oil and feedstock prices remained high.

With strong overseas demand in the Chemicals and Fibers segments, consolidated net sales for the period increased by ¥61.9 billion (8.0%) from a year ago to ¥830.8 billion and operating profit increased by ¥13.0 billion (25.6%) to ¥63.7 billion. Ordinary profit was ¥63.1 billion, an increase of ¥14.4 billion (29.5%). Net income was ¥38.0 billion, an increase of ¥9.1 billion (31.3%). Each of these results was a record high for the period.

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 ¥52.2 billion (13.2%) from a year ago to ¥446.4 billion and operating profit increased by ¥13.4 billion (59.0%) to ¥36.2 billion.

Operating profit from volume products increased with strong overseas demand for acrylonitrile, styrene, and other chemicals and derivative products, and with polymer products performing well. Operating profit from specialty products grew with increased sales of ion-exchange membranes and systems for chlor-alkali and of Hipore™ Li-ion rechargeable battery separator membranes.

HOMES

Sales decreased by ¥2.2 billion (1.3%) from a year ago to ¥166.9 billion and operating profit decreased by ¥0.6 billion (10.2%) to ¥4.8 billion. Orders for order-built homes decreased by ¥2.4 billion (1.5%) to ¥153.6 billion.

Hebel Maison™ multi-dwelling home operations performed well, but operating profit in housing operations decreased with fewer deliveries of Hebel Haus™ unit homes. Operating profit in housing-related operations increased with remodeling operations performing well.

In relation to improper acquisition by Nichias Corp. of ministerial certification for soffit panels used in certain Hebel Haus™ and Hebel Maison™ homes which have been completed and delivered, no effect on consolidated results for the first half of fiscal 2007 is anticipated as costs occurring subsequent to the closing date associated with remediation work to restore original performance specifications to the homes will be claimed from Nichias Corp.

PHARMA

Sales increased by ¥3.7 billion (7.3%) from a year ago to ¥54.9 billion and operating profit increased by ¥0.5 billion (7.4%) to ¥7.7 billion.

Elcitonin™ calcitonin formulation and Flivas™ treatment for benign prostatic hyperplasia performed well, but operating profit in pharmaceutical operations decreased with lower licensing income and higher R&D expenditures. Operating profit in devices operations grew with increased shipments centered on APS™ polysulfone-membrane artificial kidneys and with a foreign currency transaction gain.

FIBERS

Sales increased by ¥6.3 billion (12.4%) from a year ago to ¥56.9 billion and operating profit increased by ¥2.2 billion (a multiple of 2.7) to ¥3.5 billion.

Operating profit from elastic polyurethane filament increased as overseas operations, especially those in Europe and the US, performed well with strong worldwide demand growth. Operating profit from Bemberg™ regenerated cellulose fiber grew with increased exports. Feedstock costs for nonwovens operations rose, but operating profit increased with operating cost reductions.

ELECTRONICS MATERIALS & DEVICES

Sales increased by ¥1.3 billion (2.3%) from a year ago to ¥57.7 billion and operating profit decreased by ¥0.9 billion (7.3%) to ¥11.5 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 ¥0.7 billion (2.2%) from a year ago to ¥29.9 billion and operating profit decreased by ¥0.4 billion (16.1%) to ¥2.1 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. Operating profit in foundation systems operations increased with the successful development of new markets for Eazet™ piles for small-scale construction. 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 ¥1.2 billion (7.0%) from a year ago to ¥18.1 billion and operating profit increased by ¥0.4 billion (17.0%) to ¥2.7 billion.

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

VII. Consolidated Balance Sheets

	At end of March 2007	At end of Sep. 2007	Increase (decrease)
Assets			
Current assets	722,995	735,573	12,578
Cash on hand and in banks	101,514	75,868	(25,646)
Notes and accounts receivable, trade	300,386	318,923	18,537
Marketable securities	400	327	(73)
Inventories	240,006	264,389	24,383
Others	80,689	76,067	(4,622)
Fixed assets	736,927	709,511	(27,416)
Property, plant and equipment	426,959	423,293	(3,666)
Intangible fixed assets	28,466	27,348	(1,118)
Investments and other assets	281,502	258,870	(22,632)
Total assets	1,459,922	1,445,084	(14,838)
Liabilities			
Current liabilities	<u>503,570</u>	514,353	<u>10,783</u>
Notes and accounts payable, trade	186,900	185,737	(1,163)
Short-term borrowings	63,828	57,935	(5,893)
Current portion of corporate bonds	24,000	32,000	8,000
Others	<u>228,842</u>	238,681	<u>9,839</u>
Long-term liabilities	<u>302,843</u>	261,543	<u>(41,299)</u>
Corporate bonds	60,000	30,000	(30,000)
Long-term borrowings	69,074	69,245	171
Accrued pension and severance costs	125,364	120,962	(4,402)
Others	<u>48,403</u>	41,337	<u>(7,066)</u>
Total liabilities	806,412	775,897	(30,515)
Net assets			
Stockholders' equity	561,755	589,666	27,911
Common stock	103,389	103,389	—
Capital surplus	79,396	79,413	17
Retained earnings	380,515	408,738	28,223
Treasury stock, at cost	(1,544)	(1,874)	(330)
Valuation, translation adjustment and others	83,900	72,514	(11,386)
Minority interest in consolidated subsidiaries	7,855	7,008	(847)
Total net assets	653,510	669,188	15,678
Total liabilities, and net assets	1,459,922	1,445,084	(14,838)

VIII. Consolidated Statements of Income

	H1 2006	H1 2007	Increase (decrease)	Percent change
Net sales	768,878	830,757	61,879	8.0
Cost of sales	584,502	627,151	42,649	7.3
Gross profit	184,375	203,606	19,231	10.4
Selling, general and administrative expenses	133,685	139,916	6,231	4.7
Operating profit	50,690	63,689	12,999	25.6
Non-operating income	3,970	6,099	2,129	—
Interest income	216	383	167	—
Dividend income	1,644	2,073	429	—
Equity in net earnings of unconsolidated subsidiaries and affiliates	517	2,236	1,719	—
Insurance recoveries	177	96	(81)	—
Others	1,417	1,312	(105)	—
Non-operating expenses	5,895	6,643	748	—
Interest expense	1,880	2,141	261	—
Loss on disposal of inventories	1,388	666	(722)	—
Loss of exchange	142	1,102	960	—
Others	2,486	2,734	248	—
Ordinary profit	48,765	63,145	14,380	29.5
Special gains	1,160	674	(486)	—
Gain on sales of investment securities	826	593	(233)	—
Gain on sale of property, plant and equipment	334	81	(253)	—
Special losses	3,994	7,021	3,027	—
Loss on sales of investment securities	185	119	(66)	—
Loss on disposal of property, plant and equipment	3,809	1,674	(2,135)	—
Impairment loss	—	4,442	4,442	—
Restructuring charges	—	787	787	—
Income before income taxes and minority interests	45,931	56,798	10,867	23.7
Net income	28,958	38,019	9,061	31.3

IX. Cash flows

	H1 2006	H1 2007	Increase (decrease)
Cash flows from operating activities	47,660	43,538	(4,122)
Income before income taxes and minority interests	45,931	56,798	10,867
Depreciation and amortization	33,991	35,906	1,915
Decrease (increase) in notes and accounts receivable, trade	(37,282)	(19,881)	17,401
Increase in inventories	(24,345)	(25,235)	(890)
Increase (decrease) in notes and accounts payable, trade	48,455	145	(48,310)
Others	(19,090)	(4,195)	14,895
Cash flows from investing activities	(40,913)	(32,026)	8,887
Payments for acquisition of property, plant and equipment	(37,271)	(33,038)	4,233
Payments for purchases of investment securities	(3,170)	(2,394)	776
Others	(473)	3,406	3,879
Cash flows from financing activities	(2,104)	(37,644)	(35,540)
Effect of exchange rate changes on cash and cash equivalents	94	414	320
Net decrease in cash and cash equivalents	4,736	(25,719)	(30,455)
Cash and cash equivalents at beginning of term	86,390	101,719	15,329
Cash and cash equivalents held by newly consolidated subsidiaries	2,236	—	(2,236)
Cash and cash equivalents at end of term	93,362	76,000	(17,362)

X. Segment Information

1. Industry segments

(1) Fiscal half ended September 30, 2007

	Chemicals	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses* and Eliminations	Consolidated
Customers	446,413	166,933	54,850	56,940	57,660	29,902	18,059	830,757	—	830,757
Intersegment	6,135	35	3	1,023	527	5,751	13,163	26,637	(26,637)	—
Total	452,548	166,968	54,853	57,963	58,188	35,653	31,221	857,394	(26,637)	830,757
Operating expenses	416,367	162,138	47,111	54,480	46,727	33,534	28,483	788,839	(21,772)	767,068
Operating profit	36,181	4,830	7,742	3,483	11,461	2,119	2,739	68,555	(4,866)	63,689

(2) Fiscal half ended September 30, 2006

	Chemicals†	Homes	Pharma	Fibers	Electronics Materials & Devices	Construction Materials	Services, Engineering and Others	Combined	Corporate Expenses* and Eliminations	Consolidated
Customers	394,204	169,102	51,121	50,639	56,368	30,571	16,873	768,878	—	768,878
Intersegment	6,202	148	4	899	615	6,097	15,433	29,398	(29,398)	—
Total	400,406	169,249	51,125	51,538	56,984	36,668	32,306	798,276	(29,398)	768,878
Operating expenses	377,654	163,869	43,915	50,236	44,625	34,141	29,964	744,404	(26,216)	718,188
Operating profit	22,752	5,380	7,211	1,303	12,358	2,526	2,342	53,872	(3,182)	50,690

* Operating expenses for which allocation to operating segments was not feasible were ¥8,213million in the fiscal half ended September 30, 2007 and ¥7,152 million in the fiscal half ended September 30, 2006.

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

2. Geographic information

(1) Fiscal half ended September 30, 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.

(2) 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.

3. Overseas sales

(1) Fiscal half ended September 30, 2007

	East Asia*	Other regions†	Total
Overseas sales	153,533	100,318	253,850
Consolidated net sales	—	—	830,757
Overseas sales/ consolidated net sales	18.5%	12.1%	30.6%

(2) 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%

* 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)

	H1 2007		H1 2006*		Increase (decrease)	Percent change
	Net sales	% of total	Net sales	% of total		
Chemicals	4,464	53.7	3,942	51.3	522	+13.2
Homes	1,669	20.1	1,691	22.0	(22)	-1.3
Pharma	549	6.6	511	6.6	37	+7.3
Fibers	569	6.9	506	6.6	63	+12.4
Electronics Materials and Devices	577	6.9	564	7.3	13	+2.3
Construction Materials	299	3.6	306	4.0	(7)	-2.2
Services, Engineering and Others	181	2.2	169	2.2	12	+7.0
Total	8,308	100.0	7,689	100.0	619	+8.0

* 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™ photosensitive dry film resist (DFR)
- Photomask pellicles
- Luminous™ plastic optical fiber (POF)
- LSIs
- Hall elements
- Glass fabric

Construction Materials

- Hebel™ autoclaved lightweight concrete (ALC) panels
- Steel-frame structural components
- 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