

Fiscal 2012 Financial Results

– supplementary financial summary –

May 9, 2013

Asahi Kasei Corporation

Consolidated results for FY 2012

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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.

Consolidated Results for Fiscal Year 2012

Summary of financial results (i)

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(¥ billion)

	FY 2011	FY 2012		FY 2012 vs FY 2011		Actual vs forecast	
		Actual	Forecast in Feb.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,573.2	1,666.6	1,669.0	93.4	+5.9%	(2.4)	-0.1%
Operating income	104.3	92.0	90.0	(12.3)	-11.8%	2.0	+2.2%
Ordinary income	107.6	95.1	88.0	(12.4)	-11.6%	7.1	+8.1%
Net income	55.8	53.7	50.0	(2.1)	-3.7%	3.7	+7.4%

Key operating factors

Naphtha price (¥/kL, domestic)	54,925	57,500	56,850
¥/US\$ exchange rate (market average)	79	83	82

Financial position

At closing	FY 2011	FY 2012	Increase (decrease)
Total assets	1,410.6	1,800.2	389.6
Equity	706.8	812.1	105.2
Interest-bearing debt	184.1	381.4	197.3
Debt/equity ratio	0.26	0.47	0.21

Summary of financial results (ii)

	FY 2011	FY 2012
Net income per share (EPS)	¥39.89	¥38.43
Dividends per share	¥14	¥14
Payout ratio	35.1%	36.4%
Net income per total assets (ROA)	3.9%	3.3%
Net income per shareholders' equity (ROE)	8.1%	7.1%
Shareholders' equity per share (BPS)	¥505.72	¥581.05

Scope of consolidation

Number of consolidated subsidiaries	105	126
Number of affiliates for which the equity method is applied	46	43

Employees at year end	25,409	28,363
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Statements of income

Asahi**KASEI**

(¥ billion)

	FY 2011		FY 2012		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,573.2	100.0%	1,666.6	100.0%	93.4	+5.9%
Cost of sales	1,179.0	74.9%	1,239.5	74.4%	60.5	+5.1%
Gross profit	394.3	25.1%	427.2	25.6%	32.9	+8.4%
Selling, general and administrative expenses	290.0	18.4%	335.2	20.1%	45.2	+15.6%
Operating income	104.3	6.6%	92.0	5.5%	(12.3)	-11.8%
Net non-operating income	3.3		3.2		(0.1)	
of which,						
net financing income	1.4		0.8		(0.6)	
net equity in earnings (losses) of affiliates	0.7		(0.2)		(0.8)	
foreign exchange income (loss)	(0.2)		4.3		4.4	
Ordinary income	107.6	6.8%	95.1	5.7%	(12.4)	-11.6%
Net extraordinary loss	(12.7)		(12.8)		(0.1)	
Income before income taxes and minority interests	94.9	6.0%	82.3	4.9%	(12.6)	-13.2%
Income taxes	(38.0)		(28.4)		9.6	
Minority interest in income	(1.1)		(0.2)		0.9	
Net income	55.8	3.5%	53.7	3.2%	(2.1)	-3.7%

Financing activity

Financing income and expenses

(¥ billion)

	FY 2011	FY 2012	Increase (decrease)
Interest expenses	(2.7)	(3.3)	(0.7)
Interest income	1.4	1.3	(0.1)
Dividends income	2.7	2.9	0.2
Others	(0.1)	(0.1)	(0.0)
Total	1.4	0.8	(0.6)

Interest-bearing debt

(¥ billion)

	FY 2011	FY 2012	Increase (decrease)
At closing			
Short-term loans payable	74.5	113.0	38.6
Commercial paper	15.0	70.0	55.0
Long-term loans payable	62.7	146.9	84.2
Bonds payable	25.0	45.0	20.0
Lease obligations	6.9	6.5	(0.4)
Total	184.1	381.4	197.3

Extraordinary income and loss

(¥ billion)

	FY 2011	FY 2012	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.2	0.1	(0.1)
Gain on sales of property, plant and equipment	0.5	0.2	(0.2)
Gain on step acquisitions	2.3	–	(2.3)
Total extraordinary income	3.0	0.3	(2.6)
Extraordinary loss			
Loss on valuation of investment securities	1.9	0.5	(1.4)
Loss on disposal of noncurrent assets	3.5	4.0	0.5
Impairment loss	0.5	2.1	1.6
Environmental expenses	0.3	0.2	(0.1)
Loss on disaster	1.0	–	(1.0)
Business structure improvement expenses	8.5	6.4	(2.1)
Total extraordinary loss	15.7	13.2	(2.5)
Net extraordinary income (loss)	(12.7)	(12.8)	(0.1)

FY 2012 vs FY 2011 sales and operating income by segment

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(¥ billion)

	Sales			Operating income			FY 2012 forecast in Feb.	
	FY 2011	FY 2012	Increase (decrease)	FY 2011	FY 2012	Increase (decrease)	Sales	Operating income
Chemicals	680.1	684.6	4.5	44.5	22.9	(21.6)	689.0	22.5
Homes	452.0	486.2	34.2	46.3	54.3	7.9	486.0	54.0
Health Care	119.5	133.5	14.0	8.8	15.9	7.1	133.0	16.0
Fibers	110.8	109.6	(1.2)	3.1	4.0	0.9	109.0	4.0
Electronics	146.1	131.1	(15.0)	6.4	2.8	(3.6)	131.0	1.5
Construction Materials	46.1	51.5	5.4	1.8	4.0	2.1	52.0	4.0
Critical Care ¹	—	52.1	52.1	—	(3.7)	(3.7)	51.0	(3.5)
Others	18.6	18.0	(0.5)	3.0	2.2	(0.8)	18.0	2.0
Corporate expenses and eliminations	—	—	—	(9.7)	(10.5)	(0.8)	—	(10.5)
Consolidated	1,573.2	1,666.6	93.4	104.3	92.0	(12.3)	1,669.0	90.0

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Overseas sales by segment

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(¥ billion)

	FY 2011			FY 2012			Increase (decrease)	
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		% change
Chemicals	680.1	281.1	41.3%	684.6	290.2	42.4%	9.1	+3.2%
Homes	452.0	—	—	486.2	—	—	—	—
Health Care	119.5	28.5	23.9%	133.5	28.6	21.4%	0.1	+0.4%
Fibers	110.8	35.4	31.9%	109.6	38.6	35.2%	3.2	+9.0%
Electronics	146.1	74.2	50.8%	131.1	74.9	57.1%	0.7	+1.0%
Construction Materials	46.1	—	—	51.5	—	—	—	—
Critical Care ¹	—	—	—	52.1	51.9	99.5%	51.9	—
Others	18.6	2.4	12.7%	18.0	1.0	5.5%	(1.4)	-57.7%
Total	1,573.2	421.5	26.8%	1,666.6	485.2	29.1%	63.7	+15.1%
Sales to East Asia ²		269.2	17.1%		284.1	17.0%	14.9	+5.5%
of which, sales to China		151.3	9.6%		155.6	9.3%	4.3	+2.8%

Sales, excluding Homes
and Construction Materials

1,075.1 421.5 39.2% 1,129.0 485.2 43.0%

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

² China, Korea, and Taiwan.

Sales and operating income increases/decreases by segment, FY 2012 vs FY 2011 (i)

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(¥ billion)

		FY 2011	FY 2012	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Chemicals	Sales	680.1	684.6	4.5	8.5	(5.9)	5.7	1.9	–
	Operating income	44.5	22.9	(21.6)	(5.3)			–	(10.4)
Homes	Sales	452.0	486.2	34.2	30.2	2.7	–	1.3	–
	Operating income	46.3	54.3	7.9	9.1			–	(3.9)
Health Care	Sales	119.5	133.5	14.0	16.8	(2.9)	0.1	–	–
	Operating income	8.8	15.9	7.1	16.2			–	(6.2)
Fibers	Sales	110.8	109.6	(1.2)	(1.9)	0.6	0.8	–	–
	Operating income	3.1	4.0	0.9	(0.9)			–	1.1
Electronics	Sales	146.1	131.1	(15.0)	(9.0)	(5.9)	1.4	–	–
	Operating income	6.4	2.8	(3.6)	(4.0)			–	6.3

Sales and operating income increases/decreases by segment, FY 2012 vs FY 2011 (ii)

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(¥ billion)

		FY 2011	FY 2012	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Construction Materials	Sales	46.1	51.5	5.4	5.1	0.3	-	-	-
	Operating income	1.8	4.0	2.1	0.7			-	-
Critical Care ¹	Sales	-	52.1	52.1	-	-	-	52.1	-
	Operating loss	-	(3.7)	(3.7)	-			-	-
Others	Sales	18.6	18.0	(0.5)	(0.8)	-	-	0.2	-
	Operating income	3.0	2.2	(0.8)	(0.8)			-	-
Corporate expenses and eliminations	Operating loss	(9.7)	(10.5)	(0.8)	-	-	-	-	(0.8)
Consolidated	Sales	1,573.2	1,666.6	93.4	48.9	(11.1)	7.9	55.6	-
	Operating income	104.3	92.0	(12.3)	15.0			-	(16.3)

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Balance sheets¹

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(¥ billion)

	At end of Mar. 2012	At end of Mar. 2013	Increase (decrease)		At end of Mar. 2012	At end of Mar. 2013	Increase (decrease)
Current assets	721.8	819.5	97.7	Liabilities	691.3	975.7	284.4
Cash and deposits	102.9	109.5	6.6	Current liabilities	449.6	602.9	153.3
Notes and accounts receivable–trade	266.1	306.2	40.2	Noncurrent liabilities	241.7	372.9	131.2
Inventories	279.2	309.7	30.5	Net assets	719.3	824.5	105.2
Other current assets	73.6	94.1	20.4	Shareholders' equity	696.8	733.9	37.1
Noncurrent assets	688.8	980.7	291.9	Capital stock	103.4	103.4	–
Property, plant and equipment	416.1	461.6	45.5	Capital surplus	79.4	79.4	(0.0)
Intangible assets	45.2	255.4	210.2	Retained earnings	516.4	553.6	37.2
Investments and other assets	227.5	263.7	36.2	Treasury stock	(2.4)	(2.4)	(0.0)
				Accumulated other comprehensive income	10.0	78.2	68.1
				Minority interests	12.4	12.4	(0.1)
Total assets	1,410.6	1,800.2	389.6	Total liabilities and net assets	1,410.6	1,800.2	389.6

¹ Among the increase in total assets, and total liabilities and net assets, at the end of Mar. 2013, ¥240.3 billion is related to the acquisition and consolidation of ZOLL Medical Corp. Notable effects include a ¥198.1 billion increase in intangible assets (of which ¥125.8 billion is goodwill), and a ¥187.8 billion increase in liabilities (interest-bearing debt).

Cash flows and primary investments

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Cash flows		(¥ billion)	
	FY 2011	FY 2012	
a. Net cash provided by (used in) operating activities	141.3	126.0	
b. Net cash provided by (used in) investing activities	(89.5)	(278.5)	
c. Free cash flows [a+b]	51.8	(152.5)	
d. Net cash provided by (used in) financing activities	(91.0)	166.2	
e. Effect of exchange rate change on cash and cash equivalents	(0.8)	(0.9)	
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(40.1)	12.9	
g. Cash and cash equivalents at beginning of period	134.4	96.4	
h. Increase in cash and cash equivalents resulting from change in scope of consolidation	1.5	0.1	
i. Effect of change in the reporting period of consolidated subsidiaries and affiliates	0.5	(5.3)	
j. Cash and cash equivalents at end of period [f+g+h+i]	96.4	104.0	

Primary investments		(¥ billion)	
	FY 2011	FY 2012	
Capital expenditure (tangible)	75.4	92.3	
Capital expenditure (intangible)	9.7	21.5	
Total capital expenditure	85.1	113.8	
Depreciation and amortization excluding goodwill	78.4	80.0	
Amortization of goodwill	1.2	7.0	
Total depreciation and amortization	79.6	87.0	
R&D expenditures	66.3	71.1	

Forecast for Fiscal Year 2013

Consolidated operating performance

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(¥ billion)

	FY 2011	FY 2012			FY 2013 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,573.2	787.5	879.1	1,666.6	912.0	979.0	1,891.0	224.4
Operating income	104.3	38.3	53.7	92.0	59.0	71.0	130.0	38.0
Ordinary income	107.6	35.9	59.3	95.1	57.5	72.5	130.0	34.9
Net income	55.8	20.6	33.1	53.7	32.5	44.5	77.0	23.3

Naphtha price (¥/kL, domestic)	54,925	55,200	59,800	57,500	62,000	62,000	62,000	4,500
¥/US\$ exchange rate (market average)	79	79	87	83	95	95	95	12

	FY 2011	FY 2012	FY 2013
Dividends per share	¥14	¥14	¥14 (planned)
Payout ratio	35.1%	36.4%	25.4%

Sales forecast by segment

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(¥ billion)

	FY 2012			FY 2013 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	332.3	352.3	684.6	398.0	402.0	800.0	115.4
Homes	213.0	273.1	486.2	239.0	287.0	526.0	39.8
Health Care	64.8	68.6	133.5	73.0	72.0	145.0	11.5
Fibers	53.9	55.7	109.6	58.0	62.0	120.0	10.4
Electronics	66.9	64.2	131.1	70.0	75.0	145.0	13.9
Construction Materials	24.8	26.7	51.5	28.0	31.0	59.0	7.5
Critical Care ¹	22.9	29.3	52.1	37.0	40.0	77.0	24.9
Others	8.9	9.1	18.0	9.0	10.0	19.0	1.0
Consolidated	787.5	879.1	1,666.6	912.0	979.0	1,891.0	224.4

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Operating income forecast by segment

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(¥ billion)

	FY 2012			FY 2013 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Chemicals	14.6	8.4	22.9	21.0	22.0	43.0	20.1
Homes	18.8	35.4	54.3	26.5	33.5	60.0	5.7
Health Care	7.5	8.5	15.9	10.5	10.0	20.5	4.6
Fibers	1.7	2.3	4.0	3.0	4.0	7.0	3.0
Electronics	0.0	2.8	2.8	4.0	6.0	10.0	7.2
Construction Materials	1.6	2.4	4.0	2.5	3.0	5.5	1.5
Critical Care ¹	(1.1)	(2.6)	(3.7)	(2.0)	(2.0)	(4.0)	(0.3)
Others	1.2	1.0	2.2	0.5	1.0	1.5	(0.7)
Corporate expenses and eliminations	(6.0)	(4.5)	(10.5)	(7.0)	(6.5)	(13.5)	(3.0)
Consolidated	38.3	53.7	92.0	59.0	71.0	130.0	38.0

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Forecast by segment

Segment	(¥ billion)	FY 12	FY 13 forecast	Outlook
Chemicals	Sales	684.6	800.0	Increased shipments of acrylonitrile in chemicals and derivative products, and synthetic rubber and engineering plastics in polymer products. Improvement of terms of trade due to depreciation of the yen. Sales and operating income increase.
	Operating income	22.9	43.0	
Homes	Sales	486.2	526.0	Increased deliveries of order-built homes with a rise in orders. Sales and operating income increase.
	Operating income	54.3	60.0	
Health Care	Sales	133.5	145.0	Pharmaceuticals: Higher R&D expenses. Increased sales volume of Teribone™ osteoporosis drug and Recomedulin™ recombinant thrombomodulin. Devices: Increased shipments of Planova™ virus removal filters and other products. Impact of depreciation of the yen against euro. Sales and operating income increase in Health Care overall.
	Operating income	15.9	20.5	
Fibers	Sales	109.6	120.0	Increased shipments of spunbond and Roica™ elastic polyurethane filament. Impact of depreciation of the yen for Bemberg™ regenerated cellulose and other products. Sales and operating income increase.
	Operating income	4.0	7.0	
Electronics	Sales	131.1	145.0	Electronic devices: Increased shipments of products for smartphones and tablet PCs. Impact of depreciation of the yen. Electronic materials: Increased shipments of high-end products. Impact of depreciation of the yen. Sales and operating income increase in Electronics overall.
	Operating income	2.8	10.0	
Construction Materials	Sales	51.5	59.0	Increased shipments of Hebel™ autoclaved aerated concrete panels and other products. Sales and operating income increase.
	Operating income	4.0	5.5	
Critical Care ¹	Sales	52.1	77.0	Increased shipments of LifeVest™ and other products. Increased expenses for R&D and for start-up of business in Japan. Increased sales and gross operating income before PPA (purchase price allocation) impact, but consolidated operating loss worsened due to increased amortization and depreciation of goodwill and other intangible assets, etc. resulting from depreciation of the yen.
	Operating loss	(3.7)	(4.0)	

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Appendix

Quarterly sales¹ by segment

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(¥ billion)

	FY 2011				FY 2012				FY 2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	177.9	182.2	165.6	154.5	161.1	171.3	169.0	183.2	398.0	402.0
Homes	79.2	120.8	109.0	143.0	86.3	126.7	117.4	155.7	239.0	287.0
Health Care	29.4	30.6	30.7	28.8	32.4	32.4	36.1	32.6	73.0	72.0
Fibers	27.7	28.4	27.2	27.5	26.3	27.6	27.5	28.3	58.0	62.0
Electronics	39.8	37.8	35.6	32.9	34.0	33.0	33.2	31.0	70.0	75.0
Construction Materials	10.1	12.2	12.8	11.1	11.5	13.2	14.4	12.3	28.0	31.0
Critical Care ²	-	-	-	-	9.1	13.8	13.3	16.0	37.0	40.0
Others	4.0	4.5	4.4	5.7	4.4	4.5	4.2	5.0	9.0	10.0
Total	368.0	416.5	385.3	403.5	365.0	422.5	415.1	464.0	912.0	979.0

Naphtha resale amount
excluded from net sales

8.2	9.6	16.4	5.6
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¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011.

² Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Quarterly operating income by segment **AsahiKASEI**

(¥ billion)

	FY 2011				FY 2012				FY 2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	H1 forecast	H2 forecast
Chemicals	19.4	14.7	9.2	1.2	4.3	10.2	2.9	5.5	21.0	22.0
Homes	3.6	14.2	10.9	17.5	3.6	15.2	13.0	22.5	26.5	33.5
Health Care	2.6	3.0	3.7	(0.6)	4.7	2.8	7.0	1.5	10.5	10.0
Fibers	1.4	0.7	0.5	0.5	0.6	1.1	1.3	1.0	3.0	4.0
Electronics	4.8	2.2	(0.5)	(0.2)	(0.4)	0.4	1.4	1.4	4.0	6.0
Construction Materials	0.2	0.5	0.9	0.1	0.5	1.1	1.7	0.7	2.5	3.0
Critical Care ¹	–	–	–	–	(0.5)	(0.6)	(1.2)	(1.3)	(2.0)	(2.0)
Others	0.4	0.8	0.9	0.9	0.8	0.3	0.5	0.6	0.5	1.0
Corporate expenses and eliminations	(2.2)	(2.7)	(2.5)	(2.3)	(2.9)	(3.0)	(2.2)	(2.3)	(7.0)	(6.5)
Total	30.2	33.5	23.3	17.2	10.8	27.5	24.2	29.5	59.0	71.0

¹ Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

Primary investments by segment

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(¥ billion)

	Capital expenditures			Depreciation and amortization ¹			R&D expenditures		
	FY 2011	FY 2012	FY 2013 forecast	FY 2011	FY 2012	FY 2013 forecast	FY 2011	FY 2012	FY 2013 forecast
Chemicals	39.1	47.3	40.0	29.2	30.0		16.2	15.9	
Homes	6.3	9.5	7.0	4.8	5.3		2.1	2.2	
Health Care	10.7	14.3	10.0	10.9	10.5		17.5	20.0	
Fibers	5.7	6.8	6.0	6.4	6.1		2.8	2.8	
Electronics	13.4	17.0	16.0	20.9	15.0		19.2	17.6	
Construction Materials	1.6	2.2	6.0	2.4	2.3		1.1	1.0	
Critical Care ²	–	5.4	6.0	–	6.9		–	3.9	
Others	0.8	1.1	2.0	0.9	0.9		0.2	0.1	
Corporate expenses, assets, and eliminations	7.6	10.1	8.0	2.9	3.1		7.1	7.5	
Total	85.1	113.8	101.0	78.4	80.0	91.0	66.3	71.1	72.0

Amortization of goodwill³

1.2 7.0

¹ Amortization of goodwill, which was previously included in depreciation and amortization, is shown separately below the table since Q2 2012.

² Critical Care is added as a new operating segment in FY 2012, in which operations of ZOLL Medical Corp. are reported.

³ Amortization of goodwill related to acquisition of ZOLL Medical Corp. incurred from FY 2012.

Completed in FY 2012

- New plant for Saran Wrap™ in Suzuka, Japan, May 2012.*
- New power generation facility using wood biomass fuel in Nobeoka, Japan, Jul. 2012.*
- Spunbond – new 20,000 ton/y plant in Thailand, Oct. 2012.*
- Acrylonitrile – 245,000 ton/y capacity increase in Korea, Jan. 2013.*

Under construction at FY 2012 year-end

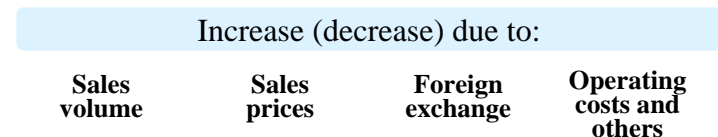
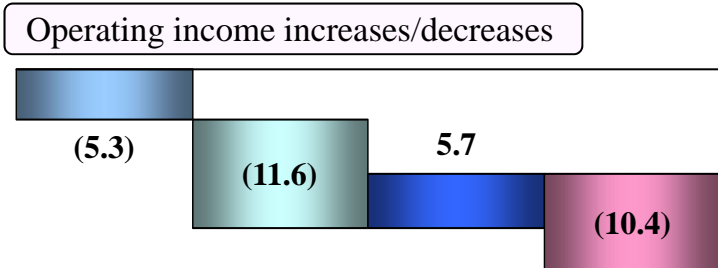
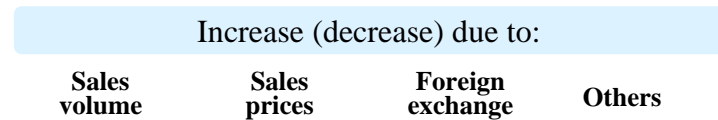
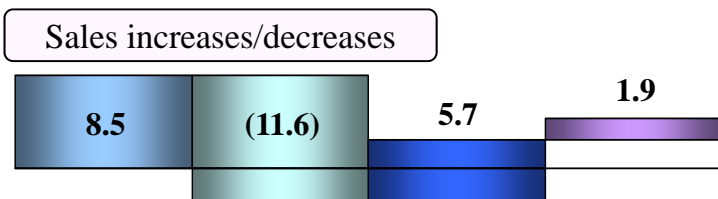
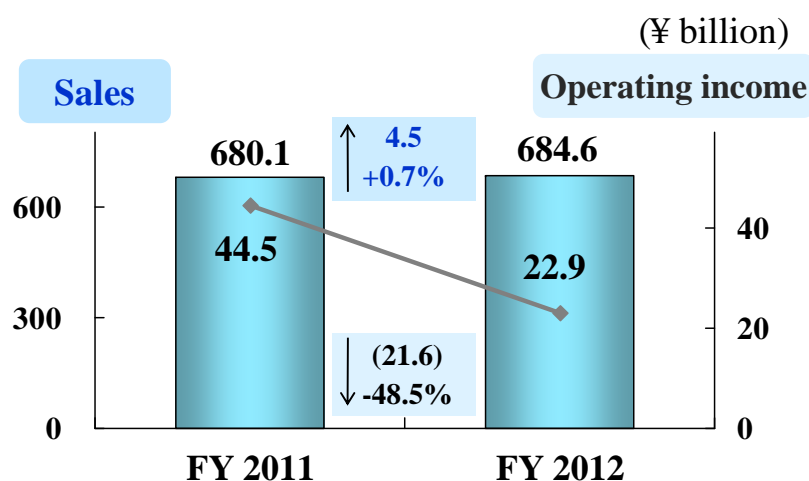
- Solution-polymerized SBR – new 50,000 ton/y plant in Singapore, Apr. 2013.*
- Hipore™ Li-ion battery separator – 50 million m²/y capacity increase in Hyuga, Japan, H1 2013.*
- New research complex for pharmaceuticals in Ohito, Japan, Oct. 2013.
- Sunfort™ dry film photoresist – new 120 million m²/y plant in Changshu, China, autumn 2013.*
- Acetonitrile – new 11,000 ton/y plant in Korea, Jan. 2014.
- Neoma™ high performance phenolic form insulation panels – capacity increase by 80% in Sakai, Japan, Mar. 2014.*

* Investment of ¥3 billion or more.

Statements of comprehensive income

Asahi**KASEI**

	FY 2011	FY 2012	(¥ billion) increase (decrease)
a: Income before minority interests	56.9	53.9	(3.0)
Net increase or decrease in unrealized gain on other securities	10.6	22.4	11.8
Deferred gains or losses on hedges	(1.6)	0.8	2.4
Foreign currency translation adjustment	(1.0)	34.6	35.6
Share of other comprehensive income of affiliates accounted for using equity method	(2.3)	5.8	8.1
b: Other comprehensive income	5.7	63.6	57.9
Comprehensive income [a+b]	62.6	117.5	55.0
Comprehensive income attributable to owners of the parent	61.6	116.5	54.9
Comprehensive income attributable to minority interests	1.0	1.0	0.0



Review of operations

Volume products:

Chemicals and derivative products - Deterioration of terms of trade for acrylonitrile (AN) and other products with higher feedstock prices and low sales prices due to continuing weak demand in China and other Asian countries. Sales increase, but operating income decrease.

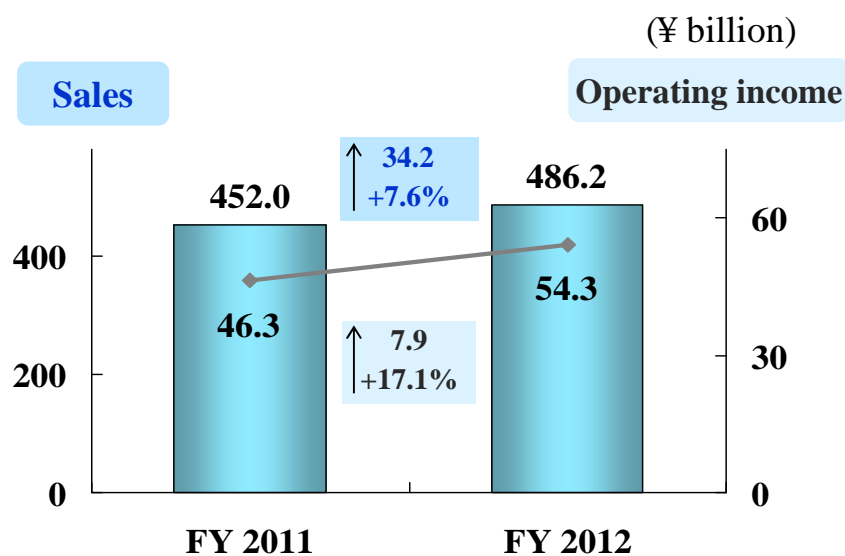
Polymer products - Firm performance of synthetic rubber for fuel-efficient tires. High feedstock prices impacting products such as polyethylene. Sales increase, but operating income decrease.

Specialty products:

Impact of delay in start-up of customer projects in China for ion-exchange membranes. Firm performance of coating materials and functional chemicals for pharmaceutical manufacture. Sales decrease, but operating income increase.

Highlights

- May, completion of a new plant for Saran Wrap™.
- June, start of operation at a large-scale municipal MBR wastewater treatment facility in Paju, Gyeonggi-do, Korea, using Microza™ hollow-fiber membrane system.
- December, completion of Kawasaki Innovation Center, a new integrated R&D facility.
- January, start of commercial production of AN and methyl methacrylate (MMA) at new plants in Thailand.
- April 2013, decision to expand capacity for Duranate™ hexamethylene diisocyanate (HDI)-based polyisocyanate, a hardener for non-yellowing polyurethane automotive coatings, etc., in China; start of commercial production in early 2015.
- April 2013, decision to grant a license of polymethyl methacrylate (PMMA) manufacturing technology to PTT Public Company Limited of Thailand.



Review of operations

Order-built homes:

- Increased deliveries of both Hebel Haus™ unit homes and Hebel Maison™ apartment buildings. Sales and operating income increase.
- Development of products matching needs in urban areas. Value of new orders increasing 10.9% from a year ago.

Real estate-related, remodeling and others:

Increased deliveries of condominiums and firm performance of rental management in real estate-related operations. Increased orders for solar panel installation and other renovation work in remodeling operations. Sales and operating income increase.

Results by product category¹

(¥ billion)

	FY 2011			FY 2012	
	Sales	Operating income		Sales	Operating income
Order-built homes	339.6	46.3	Order-built homes, etc. (Asahi Kasei Homes)	367.3	42.6
Pre-built homes	23.7		Real estate-related (Asahi Kasei Fudousan Residence)	70.6	4.5
Housing-related, etc.	88.7		Remodeling (Asahi Kasei Reform)	46.3	6.1
			Other housing-related, etc.	1.9	1.1
Total	452.0	46.3	Total	486.2	54.3

Highlights

- April, launch of two-generation Hebel Haus™ homes with a system for energy sharing between families.
- April, launch of homes with enhanced disaster resistance and independent energy supply system.
- July, introduction of V2H system² and new home energy management system as options for Hebel Haus™.
- August, launch of homes with features for families living with their parents and a single sibling.
- November, launch of Hebel Haus™ Frex “GENB” basalt-colored three-story houses.
- February, launch of Hebel Haus™ RONDO Compact, integrating an extra unit with flexibility in dimensions and purpose of use.

¹ Product categories are revised from FY 2012. A portion of sales previously included in pre-built homes is now included in order-built homes, etc.

Otherwise, sales in the previous pre-built homes category are now included in real estate-related.

² Vehicle to home system, which enables return of energy from rechargeable battery of electric vehicle to home energy system.

Homes (i)

Sales¹ and order trends

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

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes		Other sales	Consolidated subsidiaries	Consolidated	Order backlog
FY08	H1	157.1 (+2.3%)	129.4 (-1.4%)	6.0	(+19.7%)	0.7	34.3 (+13.2%)	170.3 (+2.0%)	326.6
	H2	133.9 (-12.1%)	177.9 (+7.2%)	24.0	(+22.8%)	0.9	36.9 (+10.8%)	239.6 (+9.3%)	282.6
	annual	291.1 (-4.9%)	307.3 (+3.4%)	29.9	(+22.2%)	1.5	71.2 (+11.8%)	409.9 (+6.1%)	
FY09	H1	154.6 (-1.6%)	115.8 (-10.5%)	5.2	(-12.6%)	0.8	35.8 (+4.4%)	157.7 (-7.4%)	321.3
	H2	152.3 (+13.7%)	166.5 (-6.4%)	26.9	(+12.4%)	1.1	37.5 (+1.7%)	232.0 (-3.2%)	307.1
	annual	306.9 (+5.4%)	282.3 (-8.1%)	32.1	(+7.4%)	1.9	73.4 (+3.0%)	389.7 (-4.9%)	
FY10	H1	181.7 (+17.6%)	125.5 (+8.3%)	9.4	(+79.8%)	1.1	37.5 (+4.8%)	173.5 (+10.0%)	363.4
	H2	172.8 (+13.4%)	176.6 (+6.1%)	18.4	(-31.7%)	1.5	39.2 (+4.5%)	235.7 (+1.6%)	359.5
	annual	354.5 (+15.5%)	302.1 (+7.0%)	27.8	(-13.6%)	2.5	76.8 (+4.6%)	409.2 (+5.0%)	
FY11	H1	189.4 (+4.2%)	145.9 (+16.3%)	11.9	(+26.5%)	1.5	40.6 (+8.3%)	200.0 (+15.2%)	403.0
	H2	182.5 (+5.6%)	193.7 (+9.7%)	11.8	(-35.7%)	46.5	(+14.2%)	252.0 (+6.9%)	391.8
	annual	371.9 (+4.9%)	339.6 (+12.4%)	23.7	(-14.7%)	88.7	(+11.8%)	452.0 (+10.4%)	

		Value of new orders during the term	Sales of order-built homes, etc.	Sales of real estate-related				Sales of Remodeling	Other sales	Consolidated	Order backlog
				Pre-built homes	Rental housing	Other	Total				
FY12	H1	207.5 (+9.5%)	161.4	4.4	23.3	1.1	28.8	21.6	1.2	213.0 (+6.5%)	441.5
	H2	204.9 (+12.3%)	205.9	16.2	24.5	1.1	41.9	24.7	0.7	273.1 (+8.4%)	444.6
	annual	412.4 (+10.9%)	367.3	20.6	47.8	2.2	70.6	46.3	1.9	486.2 (+7.6%)	
FY13 forecast		426.0 (+3.3%)	389.0	26.5	53.5	3.0	82.9	52.5	1.6	526.0 (+8.2%)	489.6

¹ Product categories are revised from FY 2012. A portion of sales previously included in pre-built homes is now included in order-built homes, etc. Otherwise, sales in the previous pre-built homes category are now included in real estate-related.

Homes (ii)

Breakdown of FY 2012 sales and orders of Asahi Kasei Homes

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	215.8	+4.0%	7,090	+3.1%	236.7	+9.4%	8,057	+10.3%
	3+ story	81.4	+6.4%	3,216	+10.6%	94.1	+7.0%	3,842	+10.1%
	Total	297.2	+4.6%	10,306	+5.3%	330.8	+8.7%	11,899	+10.3%
Multi-dwelling homes	1-2 story	22.2	+14.1%	1,792	+9.4%	29.5	+20.9%	2,359	+21.3%
	3+ story	40.2	+11.4%	3,244	+5.8%	52.1	+20.6%	3,937	+12.6%
	Total	62.4	+12.4%	5,036	+7.1%	81.6	+20.7%	6,296	+15.8%
Order-built homes total		359.6	+5.9%	15,342	+5.9%	412.4	+10.9%	18,195	+12.1%
Other ¹		7.7	(58.1%)	34	(79.6%)	–	–	–	–
Asahi Kasei Homes total		367.3	+2.6%	15,376	+4.9%	412.4	+10.9%	18,195	+12.1%

¹ Includes sales of street-corner showrooms and land for Hebel Haus™ construction, insurance commissions, etc.
 Percent change from previous year is based on comparison with FY 2011 figures which include some operations (e.g. condominium operations) that were transferred from Asahi Kasei Homes to Asahi Kasei Fudousan Residence in Oct. 2011.

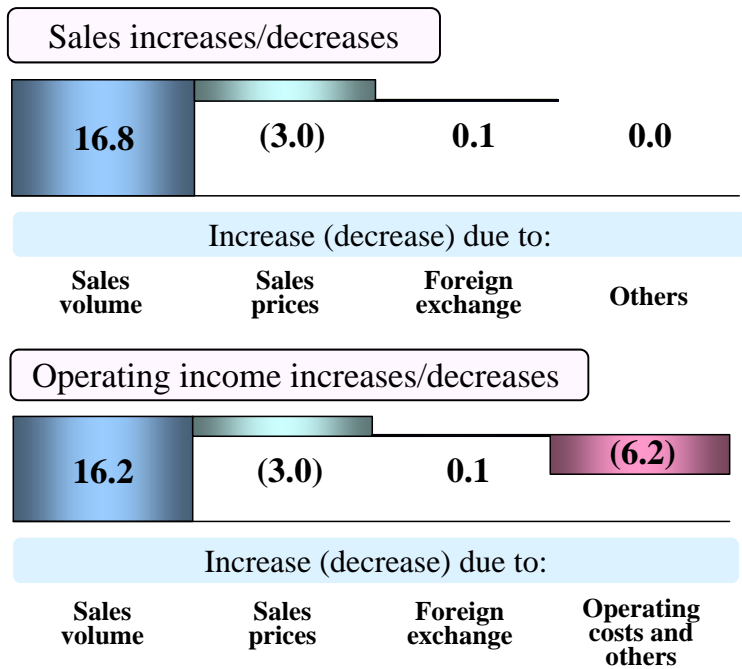
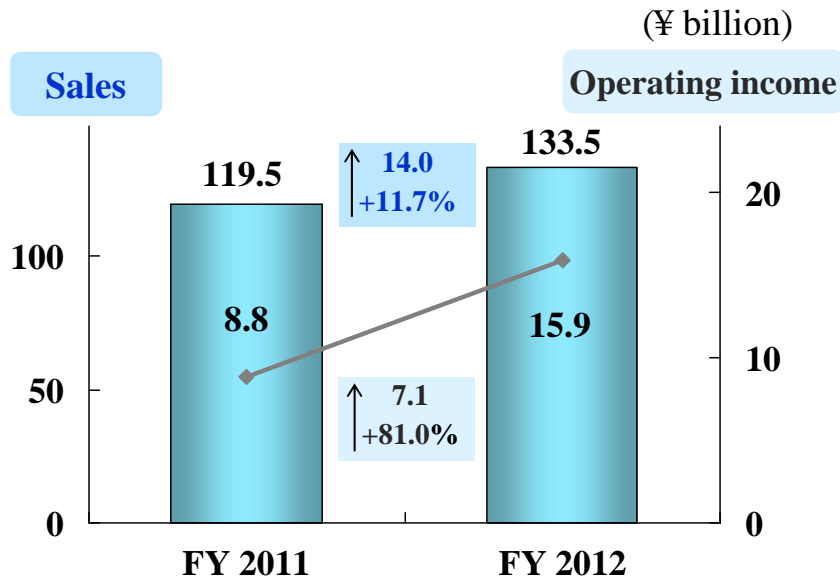
Homes (iii)

Breakdown of sales and order forecast of Asahi Kasei Homes for FY 2013

(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	217.7	+0.9%	7,500	+5.8%	241.0	+1.8%	8,200	+1.8%
	3+ story	91.6	+12.5%	3,830	+19.1%	102.0	+8.3%	4,200	+9.3%
	Total	309.3	+4.1%	11,330	+9.9%	343.0	+3.7%	12,400	+4.2%
Multi-dwelling homes	1-2 story	27.1	+21.9%	2,170	+21.1%	30.0	+1.7%	2,450	+3.9%
	3+ story	44.5	+10.8%	3,430	+5.7%	53.0	+1.8%	4,150	+5.4%
	Total	71.7	+14.8%	5,600	+11.2%	83.0	+1.7%	6,600	+4.8%
Order-built homes total		381.0	+5.9%	16,930	+10.4%	426.0	+3.3%	19,000	+4.4%
Other ¹		8.0	+3.4%	30	(11.8%)	–	–	–	–
Asahi Kasei Homes total		389.0	+5.9%	16,960	+10.3%	426.0	+3.3%	19,000	+4.4%

¹ Includes sales of street-corner showrooms and land for Hebel Haus™ construction, insurance commissions, etc.



Review of operations

Pharmaceuticals: Solid sales growth of Teribone™ osteoporosis drug and Recomodulin™ recombinant thrombomodulin. Increased R&D expenses. Impact of reduced reimbursement prices. Sales and operating income increase.

Devices: Firm sales of therapeutic apheresis devices. Intensified competition and impact of reduced reimbursement prices for APS™ polysulfone-membrane artificial kidneys. Sales increase, but operating income decrease.

Highlights

- May, investment in NxStage Medical, Inc. through conversion of an outstanding loan into newly issued shares, as part of reinforcement of the strategic alliance.
- October, initiation of global Phase III clinical trial for ART-123 (marketed as Recomodulin™ in Japan) for the treatment of severe sepsis with coagulopathy.
- December, conclusion of agreement with Hisamitsu Pharmaceutical Co., Inc. for joint sales in Japan of HOB-294 (oxybutynin hydrochloride transdermal therapeutic formulation), developed by Hisamitsu as an overactive bladder therapeutic drug; approval for production and sales received by Hisamitsu in March (marketed as NEOXY™ Tape).
- February, approval of herpes simplex as additional indication for anti-herpes agent Famvir™ (INN: famciclovir).
- March, decision to withdraw from contact lens contact manufacturing business by Asahi Kasei Aime.

Health Care (i)

Sales of Health Care segment

(¥ billion)

		FY 2011			FY 2012		
		H1	H2	Total	H1	H2	Total
	Domestic pharmaceuticals	27.7	29.3	57.1	34.2	36.6	70.8
	Others	3.2	2.0	5.2	2.3	2.6	4.9
Asahi Kasei Pharma consolidated		30.9	31.3	62.3	36.5	39.2	75.7
Devices ¹		29.0	28.2	57.2	28.3	29.5	57.8
Total		60.0	59.5	119.5	64.8	68.6	133.5

¹ Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

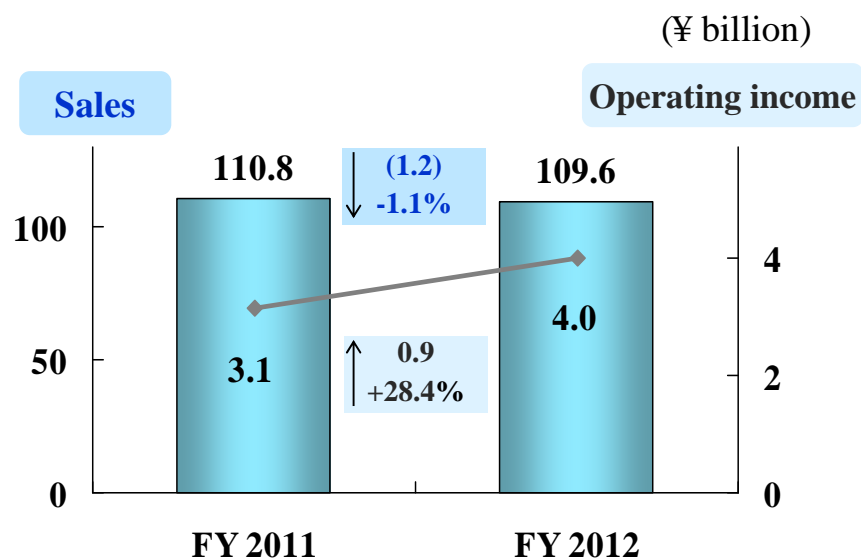
	FY 2011			FY 2012		
	H1	H2	Total	H1	H2	Total
Teribone™	–	2.2	2.2	7.3	9.7	17.0
Flivas™	6.9	7.3	14.2	7.0	7.2	14.2
Elcitonin™	6.7	5.7	12.4	5.3	4.7	10.0
Recomodulin™	3.4	3.9	7.3	4.3	5.2	9.4
Bredinin™	3.2	3.2	6.4	3.1	2.9	6.0

Main pharmaceutical products

	Generic name	Mechanism/ substance class	Indication	Formulation
Teribone™	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Flivas™	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection
Recomodulin™	Recombinant thrombomodulin alpha	Anticoagulant	Disseminated intravascular coagulation	Injection
Bredinin™	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrosis syndrome, lupus nephritis	Tablet

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Approved	AK-120, oral, famciclovir	Additional indication	Antiviral	Herpes simplex	Licensed
Phase III	AK-156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Bisphosphonate	Osteoporosis	Licensed
	AK-160, injection	New biologic	Collagenase clostridium histolyticum	Dupuytren's contracture	Licensed
Phase II	AT-877, oral, fasudil hydrochloride hydrate	Additional indication, new dosage form	Rho-kinase inhibitor	Pulmonary arterial hypertension	In-house
	HC-58, injection, elcatonin	Additional indication	Calcitonin	Shoulder hand syndrome	In-house
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alpha	New biologic	Recombinant human thrombomodulin	Severe sepsis with coagulopathy	In-house
Phase II (overseas)	AK106	New chemical entity	Anti-inflammatory	Rheumatoid arthritis	In-house



Sales increases/decreases



Increase (decrease) due to:

Sales volume	Sales prices	Foreign exchange	Others
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Operating income increases/decreases



Increase (decrease) due to:

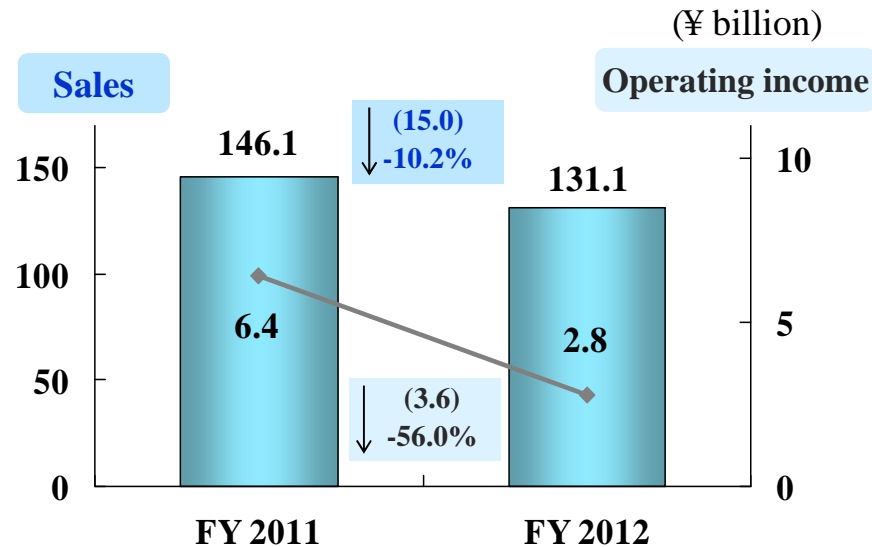
Sales volume	Sales prices	Foreign exchange	Operating costs and others
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Review of operations

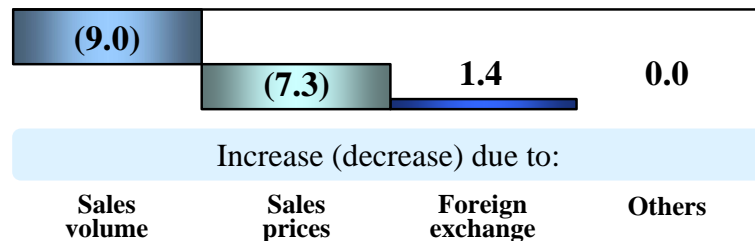
Struggle in overseas markets for Roica™ elastic polyurethane filament. Firm performance of Bemberg™ regenerated cellulose in markets for outerwear and ethnic garments. Firm performance of nonwovens. Sales decrease, but operating income increase.

Highlights

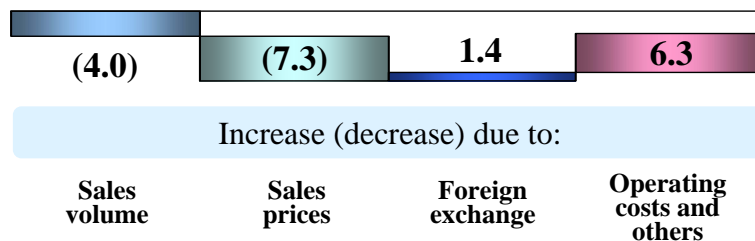
- August, decision to restructure spandex operations, including discontinuation of manufacture and sale of spandex at US subsidiary.
- November, start of commercial production of spunbond for diaper applications at a new plant in Thailand.
- March, announcement of capacity expansion for Bemberg™; start of operation in April 2014.
- March, award ceremony for the *Asahi Kasei Award for Fashion Design Creativity in China* together with a fashion show.



Sales increases/decreases



Operating income increases/decreases



Review of operations

Electronic devices:

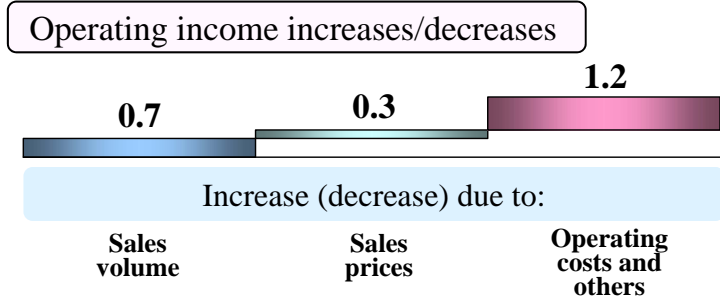
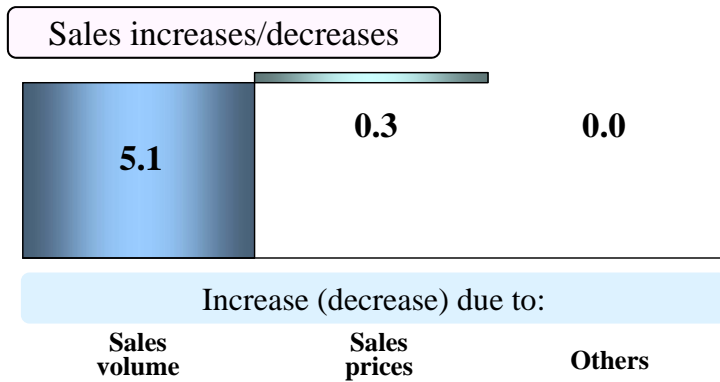
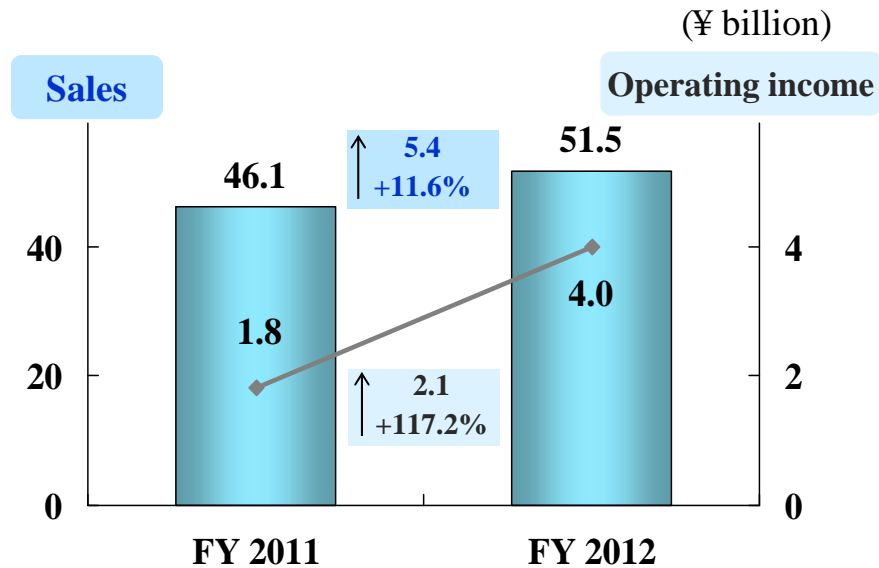
Firm sales of mixed-signal LSIs for smartphones. Impact of general deterioration in market conditions across the electronics industry. Sales and operating income decrease.

Electronic materials:

Expansion of sales of high-end products in each product category. Sluggish growth in shipment volumes and decreased sales prices for Hipore™ Li-ion battery separator and other products. Sales and operating income decrease.

Highlights

- May, announcement on construction of a new plant for Sunfort™ dry film photoresist in Changshu, Jiangsu, China; start-up in autumn 2013.
- June, technology to automatically adjust electronic compasses recognized with the Imperial Invention Prize.
- July, launch of a new 3-axis electronic compass with world's smallest-class package size.
- September, start-up of a Hipore™ slitting facility in Suzhou, Jiangsu, China.

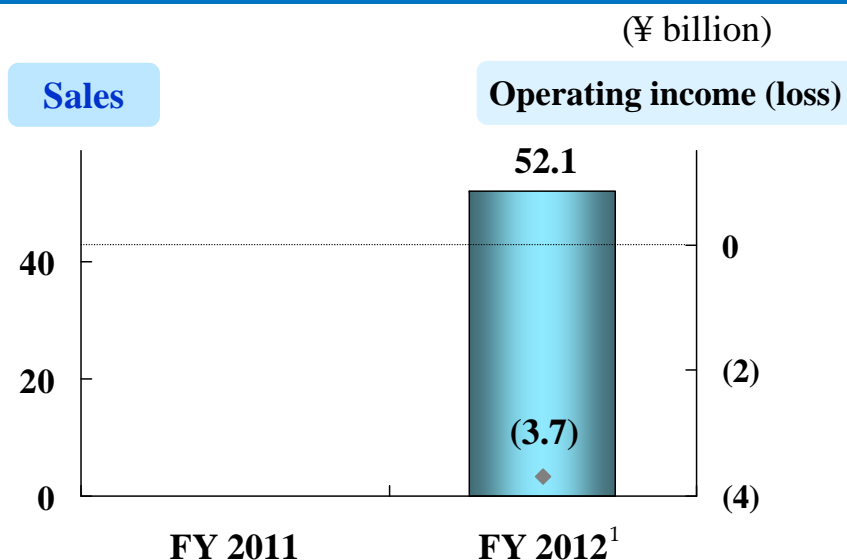


Review of operations

Firm sales of Hebel™ autoclaved aerated concrete panels. Increased shipments of Neoma™ high-performance phenolic foam insulation panels and other insulation materials. Expansion of new applications for Eazet™ and ATT Column™ piling systems for small-scale construction in foundation systems. Increased sales of structural materials. Sales and operating income increase.

Highlights

- August, launch of “Jupii™ 25” phenolic foam floor insulation panels.
- March, discontinuation of manufacture and sale of Sunylite™ polyethylene foam insulation panels.



Review of operations

Steady increase in shipments of LifeVest™ wearable defibrillators. Firm performance of defibrillators for professional use and other products. Operating loss resulting as an effect of amortization of goodwill and other intangible assets, etc.

Highlights

- October, establishment of Asahi Kasei ZOLL Medical Corporation as Japanese subsidiary of ZOLL Medical Corporation.
- February, launch of Thermogard System™ in Japan, a central venous placement temperature management system for the reduction of fever due to neurological injury.

Financial performance of Critical Care segment²

(¥ billion)

	H1	H2	FY 2012	H1	H2	FY 2013 forecast
	(May-Sep.)	(Oct.-Mar.)		(Apr.-Sep.)	(Oct.-Mar.)	
Net sales	22.9	29.3	52.1	37.0	40.0	77.0
Gross operating income before PPA ³ impact [a]	4.1	3.2	7.3	4.3	3.9	8.2
Amortization/depreciation from PPA ³ revaluation [b]	(5.2)	(5.8)	(11.0)	(6.3)	(5.9)	(12.2)
Goodwill	(2.3)	(3.0)	(5.3)	(3.3)	(3.3)	(6.6)
Other intangible assets, etc. [c]	(2.9)	(2.7)	(5.7)	(3.0)	(2.6)	(5.6)
Consolidated operating income (loss) [a-b]	(1.1)	(2.6)	(3.7)	(2.0)	(2.0)	(4.0)

¹ ZOLL Medical Corp. was consolidated on Apr. 27, 2012.

² Amount for amortization of intangible assets that had been incurred prior to Asahi Kasei's acquisition, which was formerly included in [b] and [c], is now excluded from those items and deducted from [a].

³ Purchase price allocation.