

Fiscal 2015 Financial Results

– supplementary financial summary –

May 11, 2016

Asahi Kasei Corporation

Consolidated results for FY 2015

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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 2015

Summary of financial results (i)

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(¥ billion, unless otherwise specified)

	FY 2014	FY 2015 ¹		FY 2015 vs FY 2014		Actual vs forecast	
		Actual	Forecast in Feb.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales	1,986.4	1,940.9	1,954.0	(45.5)	-2.3%	(13.1)	-0.7%
Operating income	157.9	165.2	164.0	7.3	+4.6%	1.2	+0.7%
Ordinary income	166.5	161.4	161.5	(5.2)	-3.1%	(0.1)	-0.1%
Net income attributable to owners of the parent	105.7	91.8	90.0	(13.9)	-13.2%	1.8	+1.9%

Key operating factors

Naphtha price (¥/kL, domestic)	63,450	42,800	42,975
¥/US\$ exchange rate (market average)	110	120	121

Financial position

	FY 2014	FY 2015	Increase (decrease)
At closing			
Total assets	2,014.5	2,211.7	197.2
Equity	1,082.7	1,041.9	(40.8)
Interest-bearing debt	269.0	449.7	180.7
Debt/equity ratio	0.25	0.43	0.18

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included.

Summary of financial results (ii)

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	FY 2014	FY 2015
Net income per share (EPS)	¥75.62	¥65.69
Dividends per share	¥19	¥20
Payout ratio	25.1%	30.4%
Net income per total assets (ROA)	5.4%	4.3%
Net income per shareholders' equity (ROE)	10.6%	8.6%
Shareholders' equity per share (BPS)	¥775.05	¥745.94

Scope of consolidation

Number of consolidated subsidiaries	140	174
Number of affiliates for which the equity method is applied	37	31
Employees at year end	30,313	32,821

Statements of income

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(¥ billion)

	FY 2014		FY 2015		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	1,986.4	100.0%	1,940.9	100.0%	(45.5)	-2.3%
Cost of sales	1,439.3	72.5%	1,354.7	69.8%	(84.6)	-5.9%
Gross profit	547.1	27.5%	586.2	30.2%	39.2	+7.2%
Selling, general and administrative expenses	389.1	19.6%	421.0	21.7%	31.9	+8.2%
Operating income	157.9	8.0%	165.2	8.5%	7.3	+4.6%
Net non-operating income (expenses)	8.6		(3.8)		(12.4)	
of which,						
net financing income (expense)	2.2		2.5		0.3	
net equity in earnings (losses) of affiliates	1.7		(0.9)		(2.6)	
foreign exchange gains (loss)	5.2		(3.7)		(8.9)	
Ordinary income	166.5	8.4%	161.4	8.3%	(5.2)	-3.1%
Net extraordinary income (loss)	(8.1)		(15.0)		(6.9)	
Income before income taxes	158.4	8.0%	146.4	7.5%	(12.1)	-7.6%
Income taxes	(51.5)		(53.0)		(1.4)	
Net income attributable to non-controlling interests	(1.2)		(1.7)		(0.4)	
Net income attributable to owners of the parent	105.7	5.3%	91.8	4.7%	(13.9)	-13.2%

Financing activity

Financing income and expenses

(¥ billion)

	FY 2014	FY 2015	Increase (decrease)
Interest expenses	(3.1)	(3.6)	(0.6)
Interest income	1.4	1.4	0.0
Dividends income	3.9	4.8	0.8
Others	(0.1)	(0.1)	(0.0)
Total	2.2	2.5	0.3

Interest-bearing debt

(¥ billion)

	FY 2014	FY 2015	Increase (decrease)
At closing			
Short-term loans payable	96.0	313.6	217.6
Long-term loans payable	130.4	94.6	(35.8)
Bonds payable	40.0	40.0	-
Lease obligations	2.6	1.5	(1.1)
Total	269.0	449.7	180.7

Extraordinary income and loss

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(¥ billion)

	FY 2014	FY 2015	Increase (decrease)
Gain on sales of investment securities	2.8	8.3	5.5
Gain on sales of noncurrent assets	0.4	0.9	0.5
Total extraordinary income	3.1	9.2	6.1
Loss on sales of investment securities	0.1	–	(0.1)
Loss on valuation of investment securities	1.1	0.4	(0.8)
Loss on disposal of noncurrent assets	4.7	5.2	0.5
Impairment losses	1.3	3.5	2.2
Business structure improvement expenses	4.0	3.6	(0.4)
Litigation settlement	–	1.2	1.2
Loss on piling business ¹	–	1.5	1.5
Business integration expense	–	1.5	1.5
Special retirement expenses and other ²	–	2.0	2.0
Loss on discontinuation of joint sales agreement	–	5.3	5.3
Total extraordinary loss	11.2	24.2	12.9
Net extraordinary income (loss)	(8.1)	(15.0)	(6.9)

¹ Expenses incurred such as for investigation of manipulation of data in precast concrete pile installation work previously performed by Asahi Kasei Construction Materials Corp.

² Severance allowance etc. for management personnel of Polypore International, Inc. who retired following the acquisition by Asahi Kasei Corp.

Balance sheets¹

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(¥ billion)

	At end of Mar. 2015	At end of Mar. 2016	Increase (decrease)		At end of Mar. 2015	At end of Mar. 2016	Increase (decrease)
Current assets	891.6	856.0	(35.6)	Liabilities	916.8	1,154.3	237.5
Cash and deposits	123.8	146.1	22.2	Current liabilities	507.4	725.7	218.2
Notes and accounts receivable–trade	325.6	280.1	(45.5)	Noncurrent liabilities	409.4	428.7	19.3
Inventories	339.7	336.7	(2.9)	Net assets	1,097.7	1,057.4	(40.3)
Other current assets	102.5	93.1	(9.4)	Shareholders' equity	879.0	942.7	63.7
Noncurrent assets	1,123.0	1,355.7	232.8	Capital stock	103.4	103.4	–
Property, plant and equipment	502.5	556.0	53.5	Capital surplus	79.4	79.4	0.0
Intangible assets	286.1	494.6	208.5	Retained earnings	699.3	763.1	63.8
Investments and other assets	334.4	305.1	(29.2)	Treasury stock	(3.0)	(3.2)	(0.1)
				Accumulated other comprehensive income	203.6	99.2	(104.5)
				Non-controlling interests	15.1	15.5	0.4
Total assets	2,014.5	2,211.7	197.2	Total liabilities and net assets	2,014.5	2,211.7	197.2

¹ Among the total assets/total liabilities and net assets at the end of Mar. 2016, ¥326.7 billion is attributed to the effect of the acquisition and consolidation of Polypore International, Inc. and its consolidated subsidiaries. Notable items include ¥240.5 billion in intangible assets (of which ¥167.1 billion is goodwill), and ¥294.4 billion in liabilities (interest-bearing debt).

Cash flows and primary investments

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Cash flows

(¥ billion)

	FY 2014	FY 2015
a. Net cash provided by (used in) operating activities	137.6	216.2
b. Net cash provided by (used in) investing activities	(100.5)	(285.3)
c. Free cash flows [a+b]	37.1	(69.1)
d. Net cash provided by (used in) financing activities	(74.0)	101.4
e. Effect of exchange rate change on cash and cash equivalents	5.5	(5.6)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(31.4)	26.7
g. Cash and cash equivalents at beginning of period	143.1	112.3
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.6	6.3
i. Cash and cash equivalents at end of period [f+g+h]	112.3	145.3

Primary investments

(¥ billion)

	FY 2014	FY 2015
Capital expenditure (tangible)	78.3	89.2
Capital expenditure (intangible)	10.9	9.8
Total capital expenditure	89.1	99.0
Depreciation and amortization excluding goodwill	86.1	93.8
Amortization of goodwill	9.3	15.8
Total depreciation and amortization	95.4	109.6
R&D expenditures	75.5	81.1

FY 2015 vs FY 2014 sales and operating income by segment

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(¥ billion)

	Sales			Operating income			FY 2015 forecast in Feb.	
	FY 2014	FY 2015	Increase (decrease)	FY 2014	FY 2015	Increase (decrease)	Sales	Operating income
Chemicals & Fibers	954.6	835.6	(119.0)	64.6	68.9	4.3	842.0	69.5
Homes & Construction Materials	603.8	632.4	28.6	63.0	71.0	8.0	637.0	67.5
Electronics ¹	150.4	174.5	24.1	14.3	6.9	(7.4)	175.0	7.0
Health Care	257.1	285.4	28.3	30.8	36.2	5.4	287.0	37.5
Others	20.5	13.0	(7.4)	0.9	0.6	(0.4)	13.0	0.5
Corporate expenses and eliminations	–	–	–	(15.8)	(18.4)	(2.6)	–	(18.0)
Consolidated	1,986.4	1,940.9	(45.5)	157.9	165.2	7.3	1,954.0	164.0

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in the Electronics segment.

FY 2015 vs FY 2014 sales and operating income by business category¹

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(¥ billion)

	Sales			Operating income			FY 2015 forecast in Feb.	
	FY 2014	FY 2015	Increase (decrease)	FY 2014	FY 2015	Increase (decrease)	Sales	Operating income
Chemicals	824.3	703.5	(120.8)	54.2	55.3	1.1	709.0	56.0
Fibers	130.3	132.1	1.7	10.5	13.7	3.2	133.0	13.5
Homes	551.8	583.0	31.2	59.2	65.4	6.2	586.0	62.0
Construction Materials	52.0	49.4	(2.6)	4.1	5.8	1.8	51.0	5.5
Electronics ²	150.4	174.5	24.1	14.3	6.9	(7.4)	175.0	7.0
Health Care	146.5	144.9	(1.6)	26.7	24.3	(2.4)	146.0	25.0
Critical Care	110.6	140.5	29.9	4.1	11.9	7.8	141.0	12.5
Others	20.5	13.0	(7.4)	0.9	0.6	(0.4)	13.0	0.5
Corporate expenses and eliminations	–	–	–	(16.1)	(18.7)	(2.5)	–	(18.0)
Consolidated	1,986.4	1,940.9	(45.5)	157.9	165.2	7.3	1,954.0	164.0

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Sales and operating income increases/decreases by business category¹, FY 2015 vs FY 2014 (i)

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(¥ billion)

		FY 2014	FY 2015	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Chemicals	Sales	824.3	703.5	(120.8)	(44.5)	(93.4)	18.4	17.2	–
	Operating income	54.2	55.3	1.1	(2.6)			–	97.1
Fibers	Sales	130.3	132.1	1.7	2.7	(1.0)	1.3	–	–
	Operating income	10.5	13.7	3.2	1.3			–	2.9
Homes	Sales	551.8	583.0	31.2	16.9	4.0	–	10.3	–
	Operating income	59.2	65.4	6.2	1.9			–	0.3
Construction Materials	Sales	52.0	49.4	(2.6)	(2.7)	0.1	–	–	–
	Operating income	4.1	5.8	1.8	(1.0)			–	2.6
Electronics ²	Sales	150.4	174.5	24.1	24.2	(0.1)	6.7	–	–
	Operating income	14.3	6.9	(7.4)	4.9			–	(12.1)

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Sales and operating income increases/decreases by business category¹, FY 2015 vs FY 2014 (ii)

AsahiKASEI

(¥ billion)

		FY 2014	FY 2015	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Health Care	Sales	146.5	144.9	(1.6)	(0.3)	(1.3)	0.5	-	-
	Operating income	26.7	24.3	(2.4)	(1.1)				-
Critical Care	Sales	110.6	140.5	29.9	20.5	(0.9)	(1.0)	10.3	-
	Operating income (loss)	4.1	11.9	7.8	14.8			-	(6.1)
Others	Sales	20.5	13.0	(7.4)	(7.4)	-	-	-	-
	Operating income	0.9	0.6	(0.4)	0.9				-
Corporate expenses and eliminations	Operating loss	(16.1)	(18.7)	(2.5)	-	-	-	-	(2.5)
Consolidated	Sales	1,986.4	1,940.9	(45.5)	9.4	(92.6)	25.9	37.7	-
	Operating income	157.9	165.2	7.3	19.1			-	80.8

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

Overseas sales by business category

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(¥ billion)

	FY 2014			FY 2015			Increase (decrease)	% change
	Total sales	Overseas sales	% of total	Total sales	Overseas sales	% of total		
Chemicals	824.3	374.1	45.4%	703.5	321.3	45.7%	(52.8)	-14.1%
Fibers	130.3	55.7	42.8%	132.1	57.4	43.5%	1.7	+3.1%
Homes	551.8	–	–	583.0	–	–	–	–
Construction Materials	52.0	–	–	49.4	–	–	–	–
Electronics ¹	150.4	95.6	63.6%	174.5	121.4	69.6%	25.8	+27.0%
Health Care	146.5	37.4	25.5%	144.9	39.7	27.4%	2.3	+6.3%
Critical Care	110.6	109.5	99.0%	140.5	139.3	99.1%	29.8	+27.2%
Others	20.5	1.0	4.6%	13.0	0.5	3.8%	(0.5)	-47.4%
Total	1,986.4	673.3	33.9%	1,940.9	679.7	35.0%	6.4	+1.0%
Sales to East Asia ²		353.5	17.8%		308.7	15.9%	(44.9)	-12.7%
of which, sales to China		194.0	9.8%		185.2	9.5%	(8.8)	-4.5%

Sales, excluding Homes
and Construction Materials

1,382.6 673.3 48.7% 1,308.5 679.7 51.9%

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

² China, Korea, and Taiwan.

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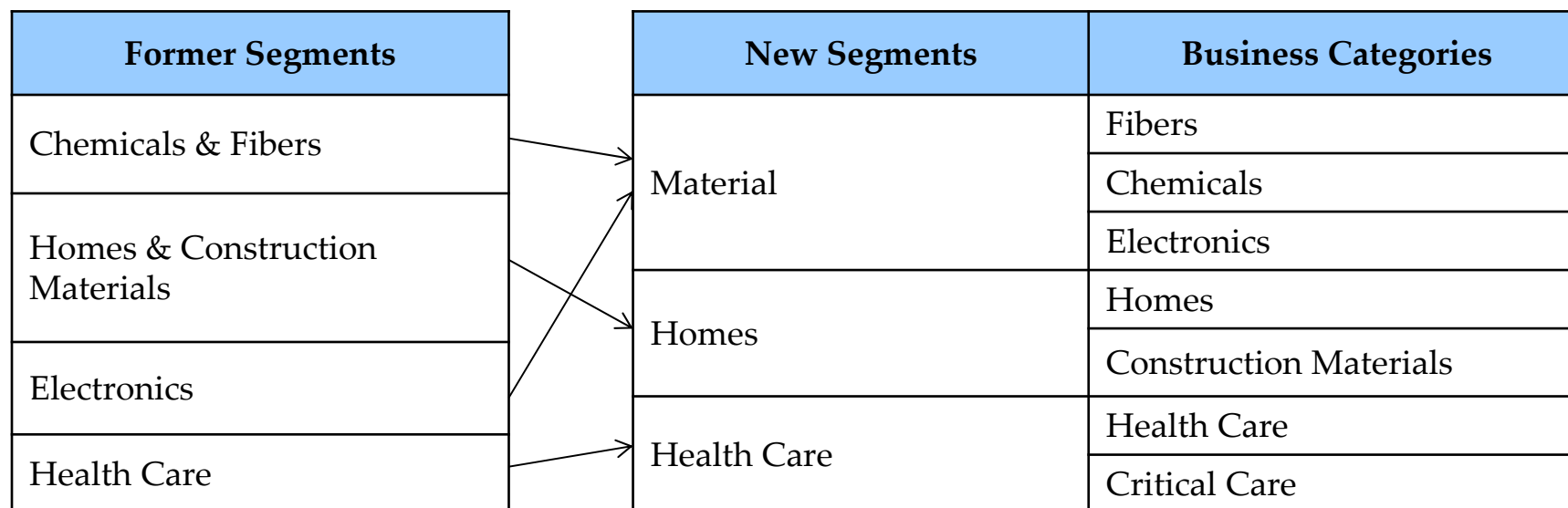
Forecast for Fiscal Year 2016

Revised segments and business categories

Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care.

Concurrently with the segment revision, some operations are reclassified among Others, Corporate expenses and eliminations, and the business categories of Fibers, Chemicals, and Electronics within the Material segment.

For purposes of comparison with FY 2016 forecasts, FY 2015 results are recalculated in accordance with the new classifications. Recalculated FY 2015 figures for the Material segment therefore do not equal the sum of the reported FY 2015 results for the former Chemicals & Fibers and Electronics segments, while recalculated FY 2015 figures for Fibers, Chemicals, Electronics, Others, and Corporate expenses and eliminations differ from the corresponding figures reported as FY 2015 results.



Consolidated operating performance forecast

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(¥ billion, unless otherwise specified)

	FY 2014	FY 2015 ¹			FY 2016 forecast			Increase (decrease)
		H1	H2	Total	H1	H2	Total	
Net sales	1,986.4	957.4	983.5	1,940.9	922.0	988.0	1,910.0	(30.9)
Operating income	157.9	84.4	80.8	165.2	63.0	82.0	145.0	(20.2)
Ordinary income	166.5	81.4	79.9	161.4	62.0	81.0	143.0	(18.4)
Net income attributable to owners of the parent	105.7	47.2	44.6	91.8	40.0	52.0	92.0	0.2

Naphtha price (¥/kL, domestic)	63,450	48,000	37,600	42,800	36,000	36,000	36,000	(6,800)
¥/US\$ exchange rate (market average)	110	122	118	120	110	110	110	(10)

	FY 2014	FY 2015	FY 2016
Dividends per share	¥19	¥20	¥20 (planned)
Payout ratio	25.1%	30.4%	30.4%

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included.

Sales and operating income forecast by segment

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Sales forecast by segment

(¥ billion)

	FY 2015 (recalculated)			FY 2016 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Material ¹	521.4	483.1	1,004.4	480.0	500.0	980.0	(24.4)
Homes	283.6	348.8	632.4	294.0	330.0	624.0	(8.4)
Health Care	143.3	142.1	285.4	136.0	144.0	280.0	(5.4)
Others	9.1	9.5	18.7	12.0	14.0	26.0	7.3
Consolidated	957.4	983.5	1,940.9	922.0	988.0	1,910.0	(30.9)

Operating income forecast by segment

(¥ billion)

	FY 2015 (recalculated)			FY 2016 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Material ¹	47.9	31.3	79.2	32.0	38.0	70.0	(9.2)
Homes	27.0	44.0	71.0	26.5	38.5	65.0	(6.0)
Health Care	20.7	15.5	36.2	13.5	15.0	28.5	(7.7)
Others	2.2	1.5	3.8	2.0	2.0	4.0	0.2
Corporate expenses and eliminations	(13.4)	(11.6)	(25.0)	(11.0)	(11.5)	(22.5)	2.5
Consolidated	84.4	80.8	165.2	63.0	82.0	145.0	(20.2)

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in the Material segment.

Sales forecast by business category

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(¥ billion)

	FY 2015 (recalculated)			FY 2016 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Fibers	66.8	65.2	132.1	63.0	67.0	130.0	(2.1)
Chemicals	401.0	349.7	750.7	350.0	363.0	713.0	(37.7)
Electronics ¹	53.6	68.1	121.6	67.0	70.0	137.0	15.4
Homes	258.0	325.0	583.0	269.0	304.0	573.0	(10.0)
Construction Materials	25.6	23.8	49.4	25.0	26.0	51.0	1.6
Health Care	75.6	69.3	144.9	67.0	67.0	134.0	(10.9)
Critical Care	67.7	72.8	140.5	69.0	77.0	146.0	5.5
Others	9.1	9.5	18.7	12.0	14.0	26.0	7.3
Consolidated	957.4	983.5	1,940.9	922.0	988.0	1,910.0	(30.9)

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Operating income forecast by business category¹

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(¥ billion)

	FY 2015 (recalculated)			FY 2016 forecast			Increase (decrease)
	H1	H2	Total	H1	H2	Total	
Fibers	7.4	6.5	13.9	6.5	7.0	13.5	(0.4)
Chemicals	34.2	26.6	60.8	27.5	31.5	59.0	(1.8)
Electronics ²	6.4	(1.9)	4.4	(2.0)	(0.5)	(2.5)	(6.9)
Homes	24.4	41.0	65.4	24.5	36.5	61.0	(4.4)
Construction Materials	3.1	2.7	5.8	2.0	2.0	4.0	(1.8)
Health Care	15.9	8.4	24.3	8.5	6.5	15.0	(9.3)
Critical Care	4.8	7.2	11.9	5.0	8.5	13.5	1.6
Others	2.2	1.5	3.8	2.0	2.0	4.0	0.2
Corporate expenses and eliminations	(14.0)	(11.2)	(25.2)	(11.0)	(11.5)	(22.5)	2.7
Consolidated	84.4	80.8	165.2	63.0	82.0	145.0	(20.2)

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Forecast by business category¹

	(¥billion)	FY 15 (recalculated)	FY 16 forecast	Outlook
Fibers	Sales Operating income	132.1 13.9	130.0 13.5	Increased shipments of nonwovens such as spunbond. Impact of the stronger yen. Sales decrease, and operating income flat.
Chemicals	Sales Operating income	750.7 60.8	713.0 59.0	Increased shipments of synthetic rubber for fuel-efficient tires. Impact of the stronger yen. Decreased shipments of styrene. Deteriorated terms of trade centered on performance polymers. Sales and operating income decrease.
Electronics ²	Sales Operating income	121.6 4.4	137.0 (2.5)	Increased shipments of audio LSIs, devices for camera modules, and battery separators. Effect of full-year contribution from Polypore which is consolidated beginning with Q2 2015. Impact of the stronger yen. Increased amortization of goodwill etc. related to acquisition. Sales increase, but operating income decrease.
Homes	Sales Operating income	583.0 65.4	573.0 61.0	Decreased number of buildings delivered in order-built homes. Decreased deliveries of condominium units. Higher SG&A such as advertising expenses. Sales and operating income decrease.
Construction Materials	Sales Operating income	49.4 5.8	51.0 4.0	Increased shipments of Neoma high-performance phenolic foam insulation panels. Decreased shipments for foundation systems. Sales increase, but operating income decrease.
Health Care	Sales Operating income	144.9 24.3	134.0 15.0	Pharmaceuticals: Impact of revision of NHI prices. Decreased shipments of Flivas agent for treatment of benign prostatic hyperplasia due to competition from generics. Devices: Firm sales centered on Planova virus removal filters. Impact of the stronger yen and revision of reimbursement prices. Sales and operating income decrease in Health Care overall.
Critical Care	Sales Operating income	140.5 11.9	146.0 13.5	Higher SG&A with reinforced sales activity. Consistent expansion of operations centered on LifeVest wearable defibrillators. Sales and operating income increase.

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Appendix

Quarterly sales by business category

Asahi**KASEI**

(¥ billion)

	FY 2014				FY 2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chemicals	196.9	216.2	217.9	193.3	194.1	182.4	174.3	152.7
Fibers	30.9	33.5	32.9	33.1	33.0	33.8	33.8	31.4
Homes	105.5	150.5	124.2	171.6	109.9	148.1	144.4	180.6
Construction Materials	12.3	14.2	14.1	11.4	12.2	13.4	13.8	10.0
Electronics ¹	35.8	38.2	39.9	36.5	39.1	42.2	48.4	44.8
Health Care	35.7	37.5	39.7	33.5	38.5	37.0	36.9	32.5
Critical Care	23.3	24.9	29.8	32.7	32.7	35.0	36.1	36.6
Others	6.9	4.8	4.6	4.3	2.8	3.1	3.2	3.9
Total	447.1	519.8	503.1	516.3	462.4	495.1	490.9	492.5

¹ Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Quarterly operating income by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2014				FY 2015			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chemicals	7.1	14.9	18.0	14.2	13.5	18.2	14.5	9.2
Fibers	2.2	2.5	2.6	3.2	3.9	3.4	4.0	2.4
Homes	8.4	18.5	11.9	20.4	6.1	18.4	15.5	25.5
Construction Materials	0.9	1.2	1.4	0.6	1.2	1.9	2.1	0.6
Electronics ²	4.0	3.4	5.9	1.0	5.1	2.9	(0.6)	(0.5)
Health Care	8.1	6.6	9.3	2.7	9.3	6.7	7.7	0.7
Critical Care	(0.3)	0.6	2.4	1.4	1.5	3.3	3.4	3.8
Others	0.4	0.3	0.2	0.1	(0.1)	0.3	0.2	0.3
Corporate expenses and eliminations	(4.2)	(3.6)	(3.9)	(4.4)	(4.8)	(6.1)	(4.4)	(3.4)
Total	26.6	44.3	47.8	39.2	35.5	48.9	42.2	38.6

¹ Figures for operating income by business category include intrasegment transactions which are eliminated from the segment totals.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

Primary investments by business category

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization ¹			R&D expenditures		
	FY 2014	FY 2015	FY 2016 forecast	FY 2014	FY 2015	FY 2016 forecast	FY 2014	FY 2015	FY 2016 forecast
Chemicals	31.9	31.6		28.8	30.3		15.2	16.2	
Fibers	9.8	12.1		6.8	7.1		3.0	3.2	
Homes	9.2	10.1		6.5	6.8		2.3	2.6	
Construction Materials	1.7	1.9		3.0	2.7		0.8	0.8	
Electronics ²	11.6	16.7		13.9	17.3		17.1	17.8	
Health Care	6.5	8.0		8.9	8.2		21.4	21.3	
Critical Care	10.1	11.4		11.2	13.4		8.3	11.0	
Others	1.4	1.5		1.1	1.3		0.1	0.1	
Corporate expenses, assets, and eliminations	6.9	5.8		5.9	6.8		7.3	8.1	
Total	89.1	99.0	100.0	86.1	93.8	96.0	75.5	81.1	87.0

Amortization of goodwill

9.3 15.8

¹ Amortization of goodwill is excluded and shown separately below the table.

² Beginning with Q2 2015, results of Polypore International, Inc. and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics.

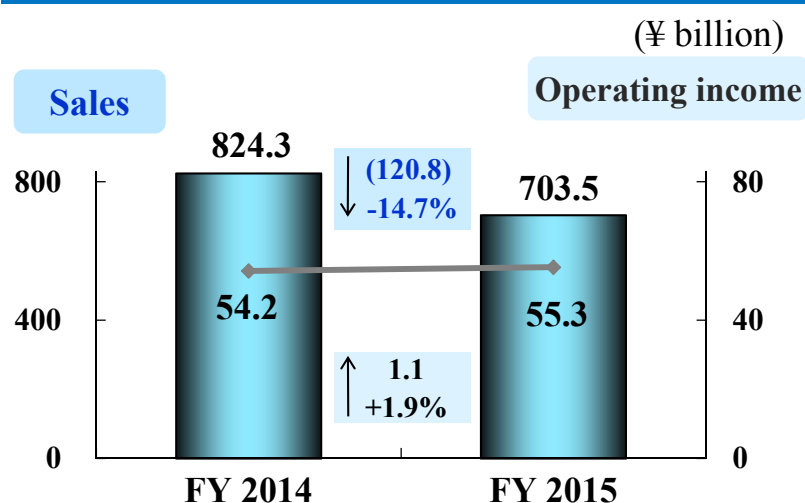
Completed in FY 2015

- Solution-SBR – 50,000 t/y capacity increase in Singapore, first half 2015.*
- Duranate hexamethylene diisocyanate (HDI)-based polyisocyanate – 10,000 t/y capacity increase in China, May 2015.
- Spunbond nonwoven – 20,000 t/y capacity increase in Thailand, Nov. 2015.*
- Plastic compounds – second plant in the US, 30,000 t/y, Feb. 2016.*

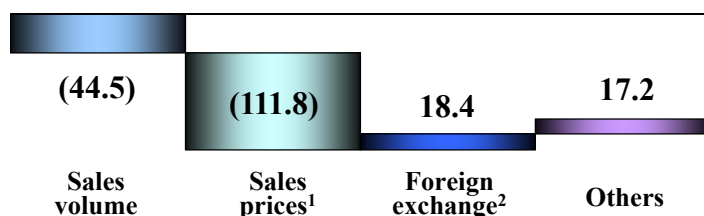
Under construction at FY 2015 year-end

- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Hyuga-shi, Miyazaki, Japan, spring 2016.*
- Recomedulin recombinant thrombomodulin – new manufacturing facility for the active ingredient, recombinant thrombomodulin alpha, in Fuji-shi, Shizuoka, Japan, Apr. 2017.*
- Bemliese continuous-filament cellulose nonwoven – 1,500 t/y capacity increase in Nobeoka-shi, Miyazaki, Japan, Mar. 2017.

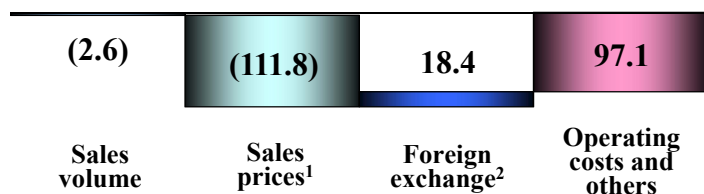
* Investment of ¥3 billion or more.



Sales increases/decreases due to:



Operating income increases/decreases due to:



Review of operations

Petrochemicals:

Lower feedstock costs for petrochemical products with lower oil and naphtha prices. Deteriorated market prices most notably for acrylonitrile. Sales and operating income decrease.

Performance polymers:

Improved terms of trade due to lower feedstock costs. Firm sales of engineering plastics and of synthetic rubber for fuel-efficient tires. Sales and operating income increase.

Specialty products:

Benefit from the weaker yen most notably for ion-exchange membranes. Increased shipments of Saran Wrap cling film. Sales and operating income increase.

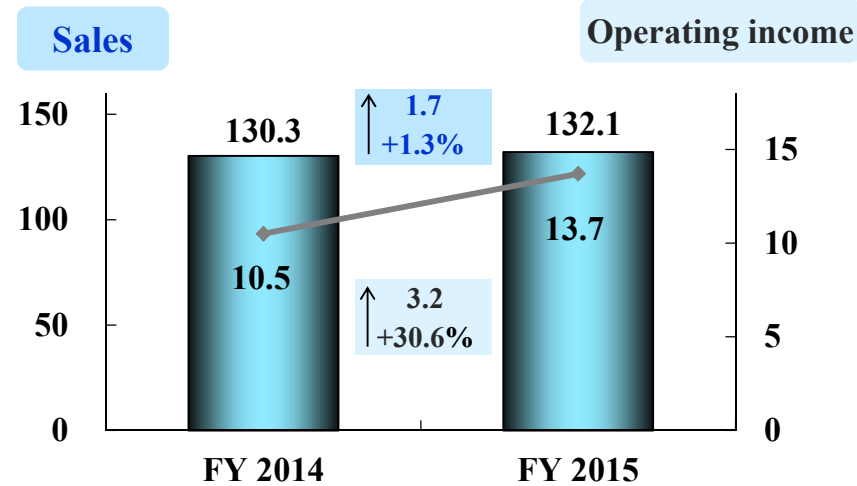
Highlights

- May, agreement with Mitsubishi Chemical Corp. to establish an equally held joint venture for the operation of a unified naphtha cracker in Mizushima; start of joint operation in April 2016.
- May, start-up of a second production line for Duranate hexamethylene diisocyanate (HDI)-based polyisocyanate, a hardener for non-yellowing polyurethane automotive coatings, etc., in China.
- July, decision to expand capacity for hydrogenated styrenic thermoplastic elastomer in Kawasaki.
- February, start of commercial operation of the second plant for plastic compounds in the US.
- March, decision to consolidate and enhance R&D facilities in Mizushima Works including construction of a new research complex.

¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

(¥ billion)



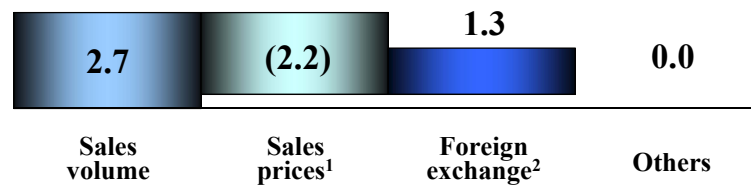
Review of operations

Lower feedstock costs for each product. Benefit from the weaker yen. Increased shipments of Lamous artificial suede for automotive upholstery and of Roica elastic polyurethane filament. Sales and operating income increase.

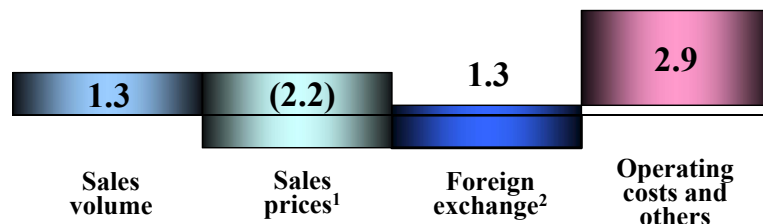
Highlights

- July, decision to expand production capacity for Bemliese in Nobeoka-shi, Miyazaki, Japan.

Sales increases/decreases due to:

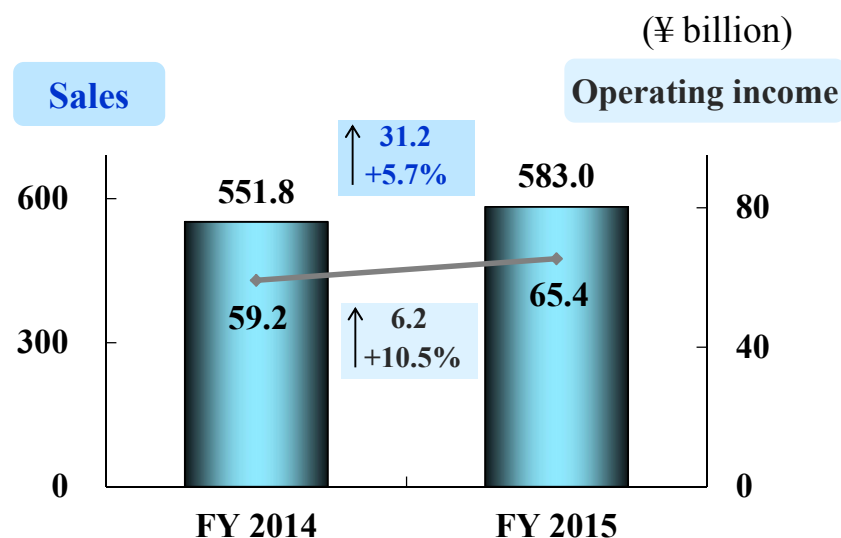


Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices



Results by product category

(¥ billion)

	FY 2014		FY 2015		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	404.2	43.6	411.5	48.4	7.3	4.8
Real estate (Asahi Kasei Fudousan Residence)	92.0	6.9	114.1	8.4	22.1	1.5
Remodeling (Asahi Kasei Reform)	53.6	6.3	55.9	6.5	2.2	0.2
Other housing-related, etc.	2.0	2.5	1.6	2.1	(0.4)	(0.5)
Total	551.8	59.2	583.0	65.4	31.2	6.2

Review of operations

Order-built homes:

- Increased deliveries of Hebel Maison apartment buildings. Decreased SG&A expenses such as promotional expenses. Sales and operating income increase.
- 5.9% year-on-year decrease in value of new orders centered on apartment buildings, with advertising curtailed since late October.

Real estate, remodeling, and others:

Firm performance of rental management in real estate. Increased orders in remodeling centered on renovation work and equipment installation. Sales and operating income increase.

Highlights

- September, 40th anniversary of launch of two-generation Hebel Haus homes.

Homes (i)

Sales and order trends

(¥ billion, % indicates year-on-year comparison)

		Value of new orders during the term	Sales of order-built homes, etc. ¹	Sales of real estate ¹				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	H1	251.9 (+21.4%)	181.0 (+12.1%)	4.5	26.2	1.4	32.1	24.5	0.8	238.4 (+11.9%)	519.9
	H2	169.4 (-17.3%)	213.1 (+3.5%)	24.8	27.9	1.1	53.7	28.1	1.1	296.0 (+8.4%)	481.5
	annual	421.3 (+2.2%)	394.1 (+7.3%)	29.3	54.1	2.5	85.8	52.6	1.9	534.4 (+9.9%)	
FY14	H1	217.6 (-13.6%)	187.9 (+3.9%)	9.8	29.3	1.4	40.6	26.3	1.1	256.0 (+7.4%)	516.3
	H2	208.0 (+22.8%)	216.2 (+1.5%)	18.0	31.8	1.6	51.4	27.3	0.9	295.8 (-0.1%)	514.5
	annual	425.7 (+1.0%)	404.2 (+2.6%)	27.8	61.1	3.1	92.0	53.6	2.0	551.8 (+3.3%)	
FY15	H1	217.3 (-0.2%)	183.8 (-2.2%)	10.4	33.5	1.7	45.6	27.8	0.9	258.0 (+0.8%)	554.6
	H2	183.1 (-12.0%)	227.7 (+5.3%)	27.7	39.0	1.8	68.4	28.1	0.7	325.0 (+9.9%)	513.1
	annual	400.4 (-5.9%)	411.5 (+1.8%)	38.1	72.5	3.5	114.1	55.9	1.6	583.0 (+5.7%)	
FY16	forecast	421.5 (+5.3%)	402.0 (-2.3%)	22.5	84.5	3.0	110.0	60.5	0.5	573.0 (-1.7%)	559.6

¹ As the rental management operation of Asahi Kasei Homes was transferred to Asahi Kasei Fudousan Residence, the corresponding sales previously included in order-built homes, etc., are combined with rental housing under real estate beginning with H2 2015.

Homes (ii)

FY 2015 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	212.6	-2.1%	6,953	-2.5%	214.3	+1.3%	6,916	-3.5%
	3+ story	86.7	+0.1%	3,469	+0.3%	87.8	-10.9%	3,265	-19.7%
	Total	299.3	-1.5%	10,422	-1.6%	302.2	-2.6%	10,181	-9.3%
Multi-dwelling homes	1-2 story	37.7	+14.9%	2,957	+16.7%	35.4	-14.1%	2,628	-17.9%
	3+ story	64.7	+15.2%	4,937	+14.0%	62.8	-15.4%	4,600	-19.0%
	Total	102.4	+15.1%	7,894	+15.0%	98.2	-14.9%	7,228	-18.6%
Order-built homes total		401.7	+2.3%	18,316	+4.9%	400.4	-5.9%	17,409	-13.4%
Other ¹		9.8	-14.4%	25	-13.8%	–	–	–	–
Asahi Kasei Homes total		411.5	+1.8%	18,341	+4.9%	400.4	-5.9%	17,409	-13.4%

¹ Includes sales of street-corner showrooms and land for Hebel Haus construction, insurance commissions, etc.; sales of rental management operation of Asahi Kasei Homes, previously included in Other, were transferred to Asahi Kasei Fudousan Residence in H2 2015.

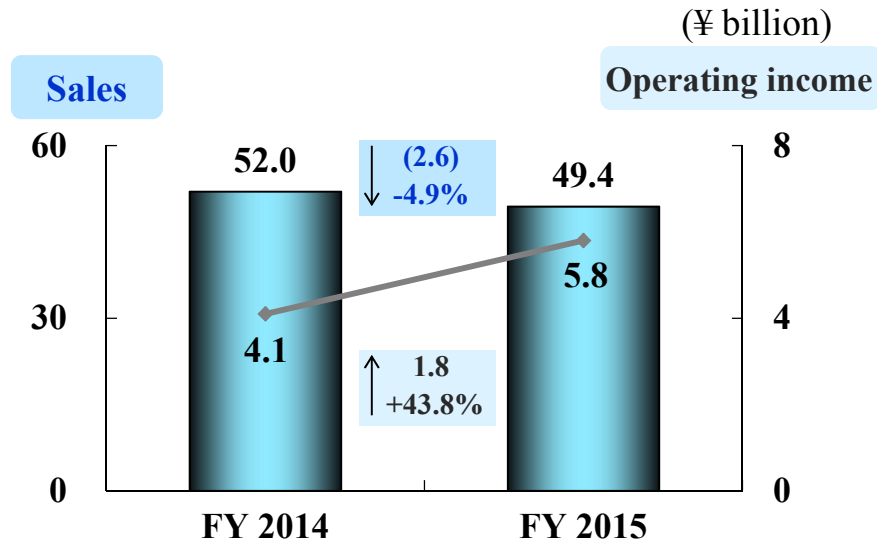
Homes (iii)

FY 2016 sales and order forecast 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	213.1	+0.2%	6,960	+0.1%	227.7	+6.2%	7,375	+6.6%
	3+ story	85.3	-1.6%	3,250	-6.3%	93.0	+5.9%	3,460	+6.0%
	Total	298.4	-0.3%	10,210	-2.0%	320.7	+6.1%	10,835	+6.4%
Multi-dwelling homes	1-2 story	33.9	-10.1%	2,440	-17.5%	36.2	+2.2%	2,686	+2.2%
	3+ story	63.2	-2.3%	4,720	-4.4%	64.6	+2.9%	4,689	+1.9%
	Total	97.1	-5.2%	7,160	-9.3%	100.8	+2.6%	7,375	+2.0%
Order-built homes total		395.5	-1.5%	17,370	-5.2%	421.5	+5.3%	18,210	+4.6%
Other ¹		6.5	-33.7%	30	+20.0%	-	-	-	-
Asahi Kasei Homes total		402.0	-2.3%	17,400	-5.1%	421.5	+5.3%	18,210	+4.6%

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



Review of operations

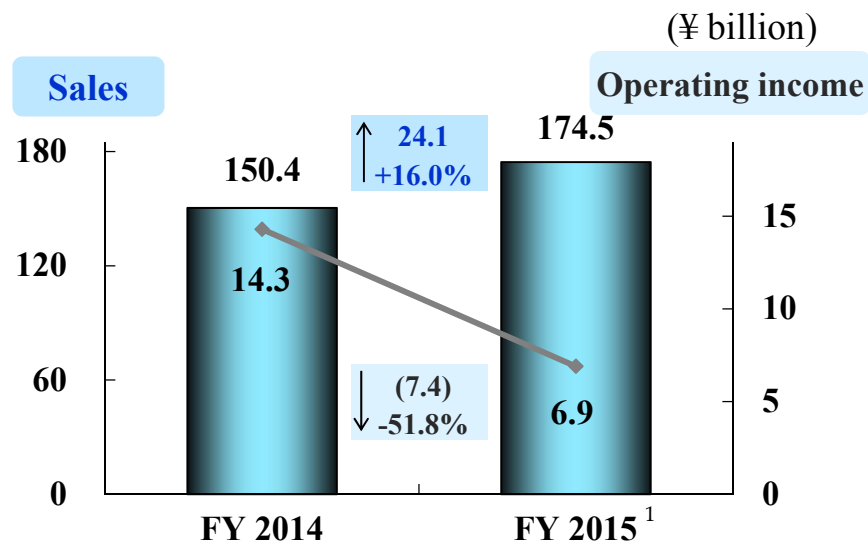
Decreased shipments for foundation systems.
 Lower feedstock costs. Firm sales of Neoma high-performance phenolic foam insulation panels.
 Sales decrease, but operating income increase.

Sales increases/decreases due to:



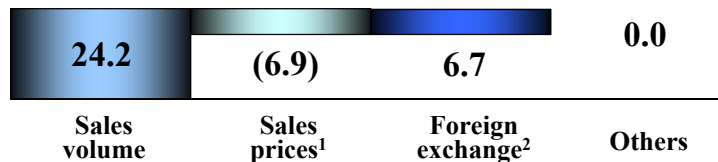
Operating income increases/decreases due to:



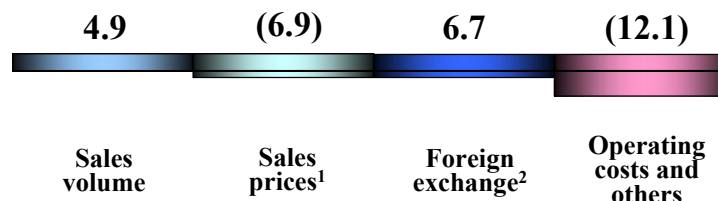


¹ Includes results of Polypore International, Inc., etc. beginning with Q2 2015.

Sales increases/decreases due to:



Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

Review of operations

Electronic devices: Benefit from the weaker yen.

Firm sales of electronic devices for smartphones, such as audio LSIs and devices for camera modules. Decreased shipments of electronic compasses. Sales and operating income decrease.

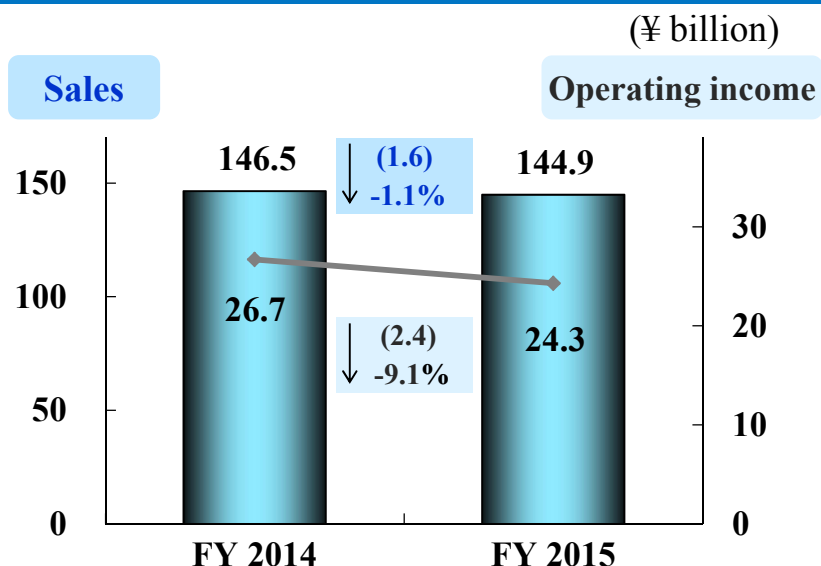
Electronic materials: Impact of discontinuation of production and sale of general-purpose epoxy resin. Benefit from the weaker yen. Firm sales of Hipore Li-ion battery separator. Sales decrease, but operating income increase.

Highlights

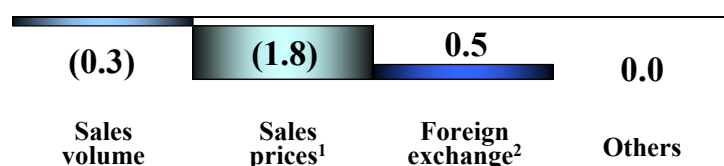
- August, completion of acquisition of Polypore International, Inc.
- September, announcement of capacity increase for Hipore in Hyuga-shi, Miyazaki, Japan.

Amortization/depreciation related to acquisition of Polypore International, Inc. (¥ billion)

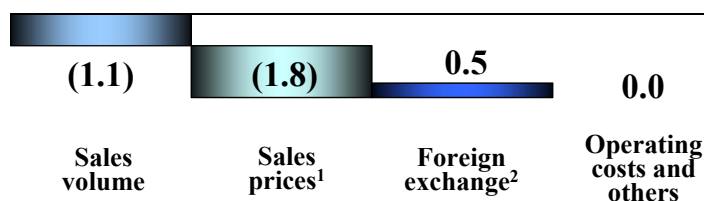
	FY 2015		
	H1 (1 month)	H2	Total
Goodwill	0.8	4.6	5.4
Other intangible assets, etc.	0.9	3.6	4.5
Total	1.7	8.2	9.8



Sales increases/decreases due to:



Operating income increases/decreases due to:



¹ Increase (decrease) in sales prices excluding impact of foreign exchange

² Impact of foreign exchange on sales prices

Review of operations

Pharmaceuticals:

Firm sales of Teribone osteoporosis drug and Recomodulin recombinant thrombomodulin. Decreased shipments of Flivas agent for treatment of benign prostatic hyperplasia due to competition from generics. Sales and operating income decrease.

Devices:

Increased shipments of dialysis products and Planova virus removal filters. Sales and operating income increase.

Highlights

- September, launch of XIAFLEX for Dupuytren's contracture in Japan.
- September, application for approval in Japan to manufacture and market zoledronic acid hydrate (development code: AK156) for treatment of osteoporosis.
- November, approval for Dong-A ST Co. Ltd., Asahi Kasei Pharma's licensing partner, to sell Teribone in Korea; launch in March.
- February, decision to terminate co-promotion agreement in Japan for Recomodulin with Pfizer Japan Inc.
- March, agreement with Hisamitsu Pharmaceutical Co., Inc. to discontinue joint sales of NEOXY Tape transdermal overactive bladder treatment medication.
- March, agreement with PeptiDream Inc. for joint R&D for discovery and development of nonstandard peptides against multiple drug target molecules.
- March, conclusion of license agreement with Array BioPharma for Tropomyosin receptor kinase A (TrkA) inhibitors being developed by the company, granting Asahi Kasei Pharma rights for development and exclusive sale in Japan, Korea, Taiwan, and China, for any disease except cancer.

Health Care (i)

Sales of Health Care category

(¥ billion)

		FY 2014			FY 2015		
		H1	H2	Total	H1	H2	Total
	Domestic pharmaceuticals	38.1	37.1	75.2	37.6	33.1	70.6
	Others	2.4	3.0	5.4	2.8	2.9	5.7
Asahi Kasei Pharma consolidated		40.5	40.1	80.6	40.4	36.0	76.3
Devices ¹		32.7	33.2	65.9	35.2	33.3	68.6
Total		73.3	73.2	146.5	75.6	69.3	144.9

¹Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

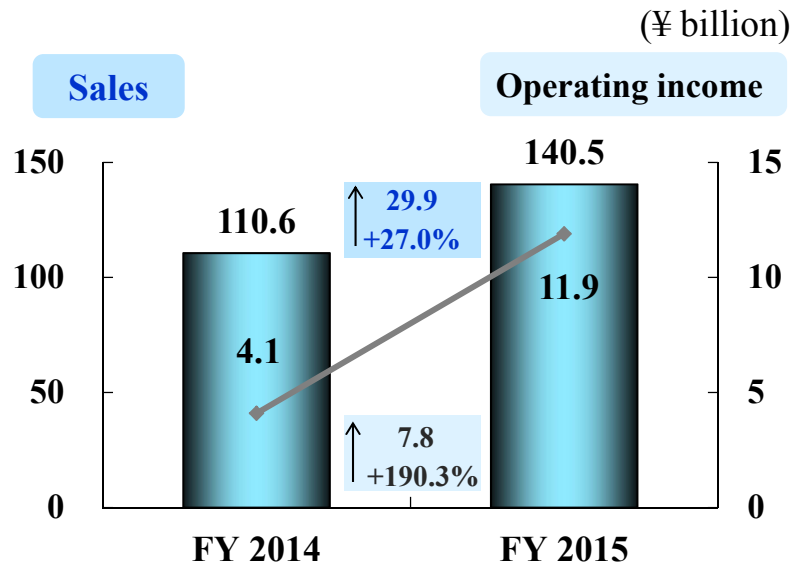
	FY 2014			FY 2015		
	H1	H2	Total	H1	H2	Total
Teribone	12.5	12.9	25.4	13.9	12.8	26.7
Recomodulin	5.5	6.1	11.7	6.2	6.2	12.3
Flivas	6.5	6.7	13.2	5.6	3.7	9.3
Elcitonin	3.3	2.8	6.1	2.7	2.4	5.1
Bredinin	2.8	2.7	5.6	2.7	2.4	5.1

Main pharmaceutical products

	Generic name	Classifications	Indication	Formulation
Teribone	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Recomodulin	Recombinant thrombomodulin alpha	Anticoagulant	Disseminated intravascular coagulation	Injection
Flivas	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet
Elcitonin	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	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
Pending approval	AK156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Bisphosphonate	Osteoporosis	Licensed
Phase III	ART-123, injection, recombinant thrombomodulin alpha	Additional indication	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	In-house
Phase II	ART-123, injection, recombinant thrombomodulin alpha	Additional indication	Anticoagulant	Chemotherapy-induced peripheral neuropathy (CIPN)	In-house
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alpha	New biologic	Anticoagulant	Sepsis with disseminated intravascular coagulation	In-house
	HE-69, mizoribine	Additional indication	Immunosuppressant	Lupus nephritis, nephrosis syndrome	In-house



Review of operations

Consistent expansion of LifeVest wearable defibrillator operations. Increased sales of other products such as defibrillators and related accessories. Increased SG&A expenses with reinforced sales activity. Sales and operating income increase.

Highlights

- September, acquisition of Kyma Medical Technologies, Ltd., Tel Aviv, Israel, which develops technologies to measure early signs of congestive heart failure.
- February, approval of new indication for Thermogard System in Japan.

Financial performance of Critical Care

(¥ billion)

	FY 2014			FY 2015		
	H1	H2	FY 2014	H1	H2	FY 2015
Net sales	48.1	62.5	110.6	67.7	72.8	140.5
Gross operating income before PPA ¹ impact	6.6	11.0	17.6	12.3	14.5	26.7
Amortization/depreciation from PPA ¹ revaluation	(6.3)	(7.2)	(13.5)	(7.5)	(7.3)	(14.8)
Goodwill	(3.7)	(4.3)	(7.9)	(4.5)	(4.5)	(9.0)
Other intangible assets, etc.	(2.7)	(2.9)	(5.6)	(3.0)	(2.9)	(5.8)
Consolidated operating income	0.3	3.8	4.1	4.8	7.2	11.9

¹ Purchase price allocation.

Statements of comprehensive income

Asahi**KASEI**

	(¥ billion)		
	FY 2014	FY 2015	increase (decrease)
a: Net income	106.9	93.4	(13.5)
Net increase or decrease in unrealized gain on other securities	37.9	(21.1)	(59.0)
Deferred gains or losses on hedges	(1.5)	1.5	3.0
Foreign currency translation adjustment	48.9	(48.9)	(97.8)
Remeasurements of defined benefit plans	17.1	(33.3)	(50.4)
Share of other comprehensive income of affiliates accounted for using equity method	5.1	(3.6)	(8.7)
b: Other comprehensive income	107.6	(105.3)	(212.9)
Comprehensive income [a+b]	214.5	(11.9)	(226.4)
Comprehensive income attributable to owners of the parent	212.2	(12.7)	(224.9)
Comprehensive income attributable to non-controlling interests	2.3	0.8	(1.5)