

**Fiscal 2016 2nd Quarter
Financial Results**
– supplementary financial summary –

November 1, 2016
Asahi Kasei Corporation

Consolidated results for 1st half fiscal year 2016

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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 1st half fiscal year 2016

Summary of financial results¹ (i)

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(¥ billion)

	H1 2015	H1 2016	
		Result	Forecast in Aug.
Net sales	957.4	890.7	910.0
Operating income	84.4	70.8	63.0
Ordinary income	81.4	69.9	61.0
Net income attributable to owners of the parent	47.2	52.9	45.0

H1 2016 vs. H1 2015		Result vs. forecast in Aug.	
Increase (decrease)	% change	Increase (decrease)	% change
(66.7)	-7.0%	(19.3)	-2.1%
(13.7)	-16.2%	7.8	+12.3%
(11.6)	-14.2%	8.9	+14.5%
5.7	+12.2%	7.9	+17.6%

	At end of Mar. 2016	At end of Sep. 2016	Increase (decrease)
Total assets	2,211.7	2,117.1	(94.6)
Equity	1,041.9	1,021.1	(20.8)
Interest-bearing debt	449.7	402.9	(46.7)
Debt/equity ratio	0.43	0.39	(0.04)

¹ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included from Q2 2015.

Summary of financial results (ii)

	H1 2015	H1 2016
Dividends per share	¥10	¥10
Net income per share (EPS)	¥33.77	¥37.88
Net worth per share (BPS)	¥784.30	¥731.05

Scope of consolidation

Number of consolidated subsidiaries	172	171
Number of affiliates for which the equity method is applied	31	33

Key operating factors

Naphtha price (¥/kL, domestic)	48,000	31,450
¥/US\$ exchange rate (market average)	122	105
Employees at end of period	32,790	33,723

Statements of income

Asahi**KASEI**

(¥ billion)

	H1 2015		H1 2016		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	957.4	100.0%	890.7	100.0%	(66.7)	-7.0%
Cost of sales	667.4	69.7%	610.9	68.6%	(56.5)	-8.5%
Gross profit	290.1	30.3%	279.8	31.4%	(10.2)	-3.5%
Selling, general and administrative expenses	205.6	21.5%	209.1	23.5%	3.4	+1.7%
Operating income	84.4	8.8%	70.8	7.9%	(13.7)	-16.2%
Net non-operating income (expenses)	(3.0)		(0.9)		2.1	
of which,						
net financing income (expense)	1.6		1.1		(0.5)	
net equity in earnings (losses) of affiliates	(1.8)		1.3		3.2	
foreign exchange income (loss)	(0.8)		(3.3)		(2.5)	
Ordinary income	81.4	8.5%	69.9	7.8%	(11.6)	-14.2%
Net extraordinary income (loss)	(5.5)		0.8		6.3	
Income before income taxes and minority interests	75.9	7.9%	70.7	7.9%	(5.2)	-6.9%
Income taxes	(28.3)		(17.0)		11.3	
Net income attributable to non-controlling interests	(0.5)		(0.8)		(0.3)	
Net income attributable to owners of the parent	47.2	4.9%	52.9	5.9%	5.7	+12.2%

Extraordinary income and loss

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(¥ billion)

	H1 2015	H1 2016	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.0	3.9	3.9
Gain on sales of property, plant and equipment	0.1	0.0	(0.1)
Total extraordinary income	0.1	3.9	3.8
Extraordinary loss			
Loss on valuation of investment securities	0.3	–	(0.3)
Loss on disposal of noncurrent assets	1.5	1.3	(0.2)
Impairment loss	0.4	0.0	(0.3)
Business structure improvement expenses	0.6	1.0	0.4
Provision for loss on litigation	2.9	–	(2.9)
Business integration expense	–	0.7	0.7
Total extraordinary loss	5.6	3.1	(2.6)
Net extraordinary income (loss)	(5.5)	0.8	6.3

Balance sheets

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(¥ billion)

	At end of Mar. 2016	At end of Sep. 2016	Increase (decrease)		At end of Mar. 2016	At end of Sep. 2016	Increase (decrease)
Current assets	856.0	828.5	(27.5)	Liabilities	1,154.3	1,080.8	(73.5)
Cash and deposits	146.1	135.3	(10.7)	Current liabilities	725.7	596.6	(129.1)
Notes and accounts receivable-trade	280.1	272.0	(8.1)	Noncurrent liabilities	428.7	484.2	55.6
Inventories	336.7	337.0	0.2	Net assets	1,057.4	1,036.3	(21.1)
Other current assets	93.1	84.3	(8.9)	Shareholders' equity	942.7	982.0	39.3
Noncurrent assets	1,355.7	1,288.6	(67.1)	Capital stock	103.4	103.4	–
Property, plant and equipment	556.0	545.1	(10.8)	Capital surplus	79.4	79.4	0.0
Intangible assets	494.6	433.6	(61.0)	Retained earnings	763.1	802.4	39.3
Investments and other assets	305.1	309.9	4.7	Treasury stock	(3.2)	(3.2)	(0.0)
				Accumulated other comprehensive income	99.2	39.0	(60.1)
				Non-controlling interests	15.5	15.2	(0.3)
Total assets	2,211.7	2,117.1	(94.6)	Total liabilities and net assets	2,211.7	2,117.1	(94.6)

Financing activity

Financing income and expenses

	H1 2015	H1 2016	(¥ billion)
			Increase (decrease)
Interest expenses	(1.7)	(2.1)	(0.4)
Interest income	0.7	0.6	(0.1)
Dividends income	2.6	2.7	0.1
Others	(0.0)	(0.0)	0.0
Total	1.6	1.1	(0.5)

Interest-bearing debt

	At end of Sep. 2015	At end of Mar. 2016	At end of Sep. 2016	(¥ billion)
				Sep. vs. Mar. 2016 increase (decrease)
Short-term loans payable	331.4	313.6	140.2	(173.4)
Commercial paper	12.0	–	34.0	34.0
Current portion of bonds payable	–	–	20.0	20.0
Long-term loans payable	125.5	94.6	187.7	93.0
Bonds payable	40.0	40.0	20.0	(20.0)
Lease obligations	1.9	1.5	1.0	(0.4)
Total	510.7	449.7	402.9	(46.7)

Cash flows and primary investments

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Cash flows

(¥ billion)

	H1 2015	H1 2016
a. Net cash provided by (used in) operating activities	112.0	90.4
b. Net cash provided by (used in) investing activities	(235.5)	(50.5)
c. Free cash flows [a+b]	(123.5)	39.9
d. Net cash provided by (used in) financing activities	165.0	(43.4)
e. Effect of exchange rate change on cash and cash equivalents	(4.1)	(10.0)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	37.5	(13.4)
g. Cash and cash equivalents at beginning of period	112.3	145.3
h. Increase in cash and cash equivalents resulting from change of scope of consolidation	6.3	0.4
i. Cash and cash equivalents at end of period [f+g+h]	156.1	132.3

Primary investments

(¥ billion)

	FY 2015		FY 2016	
	H1 2015		H1 2016	forecast
Capital expenditure (tangible)	38.3	89.2	43.1	91.0
Capital expenditure (intangible)	3.9	9.8	4.4	9.0
Total capital expenditure	42.3	99.0	47.4	100.0
Depreciation and amortization excluding goodwill	44.1	93.8	43.7	96.0
Amortization of goodwill	6.0	15.8	8.6	
Total depreciation and amortization	50.2	109.6	52.3	
R&D expenditures	38.7	81.1	38.3	87.0

H1 2016 vs. H1 2015 sales and operating income by segment¹

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(¥ billion)

	Sales			Operating income			H1 2016 forecast in Aug.	
	H1 2015	H1 2016	Increase (decrease)	H1 2015	H1 2016	Increase (decrease)	Sales	Operating income
Material ²	521.6	461.7	(59.9)	48.0	37.4	(10.6)	470.0	33.5
Homes	283.6	287.5	3.8	27.0	26.5	(0.5)	292.0	25.0
Health Care	143.3	132.3	(11.0)	20.7	17.6	(3.1)	136.0	16.5
Others	8.9	9.3	0.4	2.2	2.4	0.2	12.0	2.0
Corporate expenses and eliminations	–	–	–	(13.5)	(13.1)	0.4	–	(14.0)
Consolidated	957.4	890.7	(66.7)	84.4	70.8	(13.7)	910.0	63.0

¹ 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. Refer to p. 27 “Revised segments and business categories.”

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Material segment from Q2 2015.

Overseas sales by business category¹

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(¥ billion)

	H1 2015			H1 2016			Increase (decrease)	
	Total sales	Overseas sales		Total sales	Overseas sales		in overseas sales	
		% of total			% of total		% change	
Fibers	66.8	28.7	43.0%	62.3	25.9	41.6%	(2.8)	-9.8%
Chemicals	401.3	193.5	48.2%	332.5	146.7	44.1%	(46.8)	-24.2%
Electronics ²	53.4	33.1	62.0%	66.9	46.1	68.8%	12.9	+39.1%
Homes	258.0	–	–	264.8	–	–	–	–
Construction Materials	25.6	–	–	22.6	0.0	0.0%	0.0	–
Health Care	75.6	20.0	26.5%	67.8	20.1	29.7%	0.1	+0.4%
Critical Care	67.7	67.2	99.2%	64.5	63.8	99.0%	(3.4)	-5.0%
Others	8.9	0.4	5.0%	9.3	0.9	9.2%	0.4	+91.6%
Total	957.4	343.1	35.8%	890.7	303.4	34.1%	(39.6)	-11.5%
Sales to East Asia ³		166.0	17.3%		139.1	15.6%	(26.9)	-16.2%
of which, sales to China		98.1	10.2%		81.1	9.1%	(17.0)	-17.4%

Sales, excluding Homes and Construction Materials

673.8 343.1 50.9% 603.3 303.4 50.3%

¹ Corresponding to the former operating segments.

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

³ China, Korea, and Taiwan.

Sales and operating income increase/decrease by business category¹ (i)

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(¥ billion)

		H1 2015	H1 2016	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers	Sales	66.8	62.3	(4.6)	1.4	(3.6)	(1.7)	(2.4)	–
	Operating income	7.4	6.0	(1.4)	0.4			–	1.8
Chemicals	Sales	401.3	332.5	(68.8)	(20.0)	(36.4)	(15.4)	(12.5)	–
	Operating income	34.2	31.7	(2.5)	(0.9)			–	34.8
Electronics ²	Sales	53.4	66.9	13.5	20.5	(5.4)	(3.4)	(1.6)	–
	Operating income (loss)	6.4	(0.3)	(6.7)	3.2			–	(4.5)
Homes	Sales	258.0	264.8	6.8	(0.6)	2.3	–	5.1	–
	Operating income	24.4	24.6	0.2	(0.5)			–	(1.6)
Construction Materials	Sales	25.6	22.6	(3.0)	(3.7)	(0.1)	–	0.8	–
	Operating income	3.1	1.8	(1.3)	(1.0)			–	(0.1)

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income increase/decrease by business category¹ (ii)

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(¥ billion)

		H1 2015	H1 2016	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	75.6	67.8	(7.8)	0.2	(6.7)	(2.5)	(1.2)	–
	Operating income	15.9	10.7	(5.2)	0.1			–	1.5
Critical Care	Sales	67.7	64.5	(3.3)	5.7	0.2	0.0	(9.1)	–
	Operating income	4.8	6.8	2.0	4.3			–	(2.5)
Others	Sales	8.9	9.3	0.4	0.4	–	–	–	–
	Operating income	2.2	2.4	0.2	(0.5)			–	0.7
Corporate expenses and eliminations	Operating loss	(14.0)	(13.0)	1.0	–	–	–	–	1.0
Consolidated	Sales	957.4	890.7	(66.7)	3.9	(49.7)	(23.0)	(20.9)	–
	Operating income	84.4	70.8	(13.7)	5.0			–	31.0

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

Forecast for fiscal year 2016

Consolidated operating performance forecast¹ **AsahiKASEI**

(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	FY 2016 forecast in May	Increase (decrease)
	H1	H2	Total	H1	H2 forecast	Total			
Net sales	957.4	983.5	1,940.9	890.7	939.3	1,830.0	(110.9)	1,910.0	(80.0)
Operating income	84.4	80.8	165.2	70.8	74.2	145.0	(20.2)	145.0	-
Ordinary income	81.4	79.9	161.4	69.9	74.1	144.0	(17.4)	143.0	1.0
Net income attributable to owners of the parent	47.2	44.6	91.8	52.9	46.1	99.0	7.2	92.0	7.0

Naphtha price (¥/kL, domestic)	48,000	37,600	42,800	31,450	35,000	33,225	(9,575)	36,000	(2,775)
¥/US\$ exchange rate (market average)	122	118	120	105	100	103	(17)	110	(7)

	FY 2015	FY 2016
Dividends per share	¥20	¥20 (planned)
Payout ratio	30.4%	28.2%

¹ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included from Q2 2015.

Sales forecast by business category¹

AsahiKASEI

(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	FY 2016 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Fibers	66.8	65.2	132.1	62.3	62.7	125.0	(7.1)	63.0	67.0	130.0	(0.7)	(4.3)	(5.0)
Chemicals	401.3	349.4	750.7	332.5	333.5	666.0	(84.7)	350.0	363.0	713.0	(17.5)	(29.5)	(47.0)
Electronics ²	53.4	68.2	121.6	66.9	65.1	132.0	10.4	67.0	70.0	137.0	(0.1)	(4.9)	(5.0)
Homes	258.0	325.0	583.0	264.8	305.2	570.0	(13.0)	269.0	304.0	573.0	(4.2)	1.2	(3.0)
Construction Materials	25.6	23.8	49.4	22.6	27.4	50.0	0.6	25.0	26.0	51.0	(2.4)	1.4	(1.0)
Health Care	75.6	69.3	144.9	67.8	65.2	133.0	(11.9)	67.0	67.0	134.0	0.8	(1.8)	(1.0)
Critical Care	67.7	72.8	140.5	64.5	67.5	132.0	(8.5)	69.0	77.0	146.0	(4.5)	(9.5)	(14.0)
Others	8.9	9.7	18.7	9.3	12.7	22.0	3.3	12.0	14.0	26.0	(2.7)	(1.3)	(4.0)
Consolidated	957.4	983.5	1,940.9	890.7	939.3	1,830.0	(110.9)	922.0	988.0	1,910.0	(31.3)	(48.7)	(80.0)

¹ Corresponding to the former operating segments.

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Operating income (loss) forecast by business category¹

AsahiKASEI

(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	FY 2016 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Fibers	7.4	6.5	13.9	6.0	6.0	12.0	(1.9)	6.5	7.0	13.5	(0.5)	(1.0)	(1.5)
Chemicals	34.2	26.7	60.9	31.7	30.3	62.0	1.1	27.5	31.5	59.0	4.2	(1.2)	3.0
Electronics ²	6.4	(1.9)	4.4	(0.3)	(1.7)	(2.0)	(6.4)	(2.0)	(0.5)	(2.5)	1.7	(1.2)	0.5
Homes	24.4	41.0	65.4	24.6	36.4	61.0	(4.4)	24.5	36.5	61.0	0.1	(0.1)	–
Construction Materials	3.1	2.7	5.8	1.8	2.2	4.0	(1.8)	2.0	2.0	4.0	(0.2)	0.2	–
Health Care	15.9	8.4	24.3	10.7	4.8	15.5	(8.8)	8.5	6.5	15.0	2.2	(1.7)	0.5
Critical Care	4.8	7.2	11.9	6.8	7.7	14.5	2.6	5.0	8.5	13.5	1.8	(0.8)	1.0
Others	2.2	1.5	3.8	2.4	1.6	4.0	0.2	2.0	2.0	4.0	0.4	(0.4)	–
Corporate expenses and eliminations	(14.0)	(11.3)	(25.3)	(13.0)	(13.0)	(26.0)	(0.7)	(11.0)	(11.5)	(22.5)	(2.0)	(1.5)	(3.5)
Consolidated	84.4	80.8	165.2	70.8	74.2	145.0	(20.2)	63.0	82.0	145.0	7.8	(7.8)	–

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Sales and operating income forecast by segment¹

AsahiKASEI

Sales

(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	FY 2016 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Material ²	521.6	482.9	1,004.4	461.7	461.3	923.0	(81.4)	480.0	500.0	980.0	(18.3)	(38.7)	(57.0)
Homes	283.6	348.8	632.4	287.5	332.5	620.0	(12.4)	294.0	330.0	624.0	(6.5)	2.5	(4.0)
Health Care	143.3	142.1	285.4	132.3	132.7	265.0	(20.4)	136.0	144.0	280.0	(3.7)	(11.3)	(15.0)
Others	8.9	9.7	18.7	9.3	12.7	22.0	3.3	12.0	14.0	26.0	(2.7)	(1.3)	(4.0)
Consolidated	957.4	983.5	1,940.9	890.7	939.3	1,830.0	(110.9)	922.0	988.0	1,910.0	(31.3)	(48.7)	(80.0)

Operating income

(¥ billion)

	FY 2015			FY 2016			Increase (decrease)	FY 2016 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Material ²	48.0	31.2	79.2	37.4	34.6	72.0	(7.2)	32.0	38.0	70.0	5.4	(3.4)	2.0
Homes	27.0	44.0	71.0	26.5	38.5	65.0	(6.0)	26.5	38.5	65.0	(0.0)	0.0	-
Health Care	20.7	15.5	36.2	17.6	12.4	30.0	(6.2)	13.5	15.0	28.5	4.1	(2.6)	1.5
Others	2.2	1.5	3.8	2.4	1.6	4.0	0.2	2.0	2.0	4.0	0.4	(0.4)	-
Corporate expenses and eliminations	(13.5)	(11.6)	(25.0)	(13.1)	(12.9)	(26.0)	(1.0)	(11.0)	(11.5)	(22.5)	(2.1)	(1.4)	(3.5)
Consolidated	84.4	80.8	165.2	70.8	74.2	145.0	(20.2)	63.0	82.0	145.0	7.8	(7.8)	-

¹ 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. Refer to p. 27 "Revised segments and business categories."

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Material segment from Q2 2015.

Appendix

Statements of comprehensive income

Asahi**KASEI**

(¥ billion)

	H1 2015	H1 2016	Increase (decrease)
a: Net income	47.7	53.7	6.1
Net increase or decrease in unrealized gain on other securities	(8.5)	0.7	9.2
Deferred gains or losses on hedges	1.4	(0.1)	(1.5)
Foreign currency translation adjustment	(12.6)	(64.0)	(51.4)
Remeasurements of defined benefit plans	1.2	4.4	3.2
Share of other comprehensive income of affiliates accounted for using equity method	(2.3)	(1.8)	0.5
b: Other comprehensive income	(20.8)	(60.8)	(40.0)
Comprehensive income [a+b]	26.9	(7.0)	(33.9)
Comprehensive income attributable to owners of the parent	26.9	(7.2)	(34.1)
Comprehensive income attributable to non-controlling interests	(0.0)	0.2	0.2

H1 2016 vs. H1 2015 sales and operating income by business category¹

AsahiKASEI

(¥ billion)

	Sales			Operating income (loss)			H1 2016 forecast in Aug.	
	H1 2015	H1 2016	Increase (decrease)	H1 2015	H1 2016	Increase (decrease)	Sales	Operating income (loss)
Fibers	66.8	62.3	(4.6)	7.4	6.0	(1.4)	64.0	6.0
Chemicals	401.3	332.5	(68.8)	34.2	31.7	(2.5)	338.0	28.5
Electronics ²	53.4	66.9	13.5	6.4	(0.3)	(6.7)	68.0	(1.0)
Homes	258.0	264.8	6.8	24.4	24.6	0.2	269.0	23.5
Construction Materials	25.6	22.6	(3.0)	3.1	1.8	(1.3)	23.0	1.5
Health Care	75.6	67.8	(7.8)	15.9	10.7	(5.2)	69.0	10.0
Critical Care	67.7	64.5	(3.3)	4.8	6.8	2.0	67.0	6.5
Others	8.9	9.3	0.4	2.2	2.4	0.2	12.0	2.0
Corporate expenses and eliminations	–	–	–	(14.0)	(13.0)	1.0	–	(14.0)
Consolidated	957.4	890.7	(66.7)	84.4	70.8	(13.7)	910.0	63.0

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Quarterly sales by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2015				FY 2016		FY2016
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers	33.0	33.8	33.8	31.4	30.9	31.4	62.7
Chemicals	206.9	194.5	185.7	163.6	165.8	166.8	333.5
Electronics ²	24.7	28.8	35.5	32.7	32.2	34.7	65.1
Homes	109.9	148.1	144.4	180.6	115.7	149.1	305.2
Construction Materials	12.2	13.4	13.8	10.0	10.3	12.3	27.4
Health Care	38.5	37.0	36.9	32.5	34.5	33.3	65.2
Critical Care	32.7	35.0	36.1	36.6	32.2	32.3	67.5
Others	4.4	4.5	4.6	5.1	4.1	5.2	12.7
Total	462.4	495.1	490.9	492.5	425.8	464.9	939.3

¹ Corresponding to the former operating segments.

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Quarterly operating income (loss) by business category¹

Asahi**KASEI**

(¥ billion)

	FY 2015				FY 2016		FY 2016
	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Fibers	4.0	3.3	4.1	2.4	3.3	2.7	6.0
Chemicals	15.1	19.2	15.6	11.1	14.2	17.5	30.3
Electronics ²	4.3	2.1	(1.3)	(0.6)	(0.1)	(0.2)	(1.7)
Homes	6.1	18.4	15.5	25.5	7.8	16.8	36.4
Construction Materials	1.2	1.9	2.1	0.6	0.9	1.0	2.2
Health Care	9.3	6.7	7.7	0.7	6.8	4.0	4.8
Critical Care	1.5	3.3	3.4	3.8	2.8	4.0	7.7
Others	0.4	1.9	1.2	0.3	0.7	1.7	1.6
Corporate expenses and eliminations	(6.2)	(7.8)	(6.0)	(5.3)	(6.4)	(6.6)	(13.0)
Total	35.5	48.9	42.2	38.6	29.9	40.9	74.2

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

² Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Primary investments by business category¹

AsahiKASEI

(¥ billion)

	Capital expenditures		Depreciation and amortization ²		R&D expenditures	
	FY 2016 forecast		FY 2016 forecast		FY 2016 forecast	
	H1	forecast	H1	forecast	H1	forecast
Fibers	3.7	11.5	3.5		1.4	
Chemicals	14.5	30.0	13.8		8.3	
Electronics ³	5.5	16.0	7.1		5.9	
Homes	4.6	10.0	3.4		1.2	
Construction Materials	1.9	2.0	1.2		0.4	
Health Care	7.7	10.0	3.1		9.4	
Critical Care	2.8	7.0	5.4		5.4	
Others	2.4	6.5	2.2		0.0	
Corporate assets and eliminations	4.4	7.0	4.0		6.2	
Total	47.4	100.0	43.7	96.0	38.3	87.0

Amortization of goodwill

8.6

¹ Corresponding to the former operating segments.

² Excluding amortization of goodwill, which is shown separately below the table.

³ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015, are included in Electronics from Q2 2015.

Completed in H1 2016

- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Hyuga-shi, Miyazaki, Japan, spring 2016.*
- Recomodulin recombinant thrombomodulin – new manufacturing facility for the active ingredient, recombinant thrombomodulin alpha, in Fuji-shi, Shizuoka, Japan, Jun. 2016.*

Under construction at end of Sep. 2016

- Bemliese continuous-filament cellulose nonwoven – 1,500 t/y capacity increase in Nobeoka-shi, Miyazaki, Japan, Mar. 2017.
- Hipore Li-ion battery separator – 60 million m²/y capacity increase in Moriyama-shi, Shiga, Japan, H1 2018.*

* Investment of ¥3 billion or more.

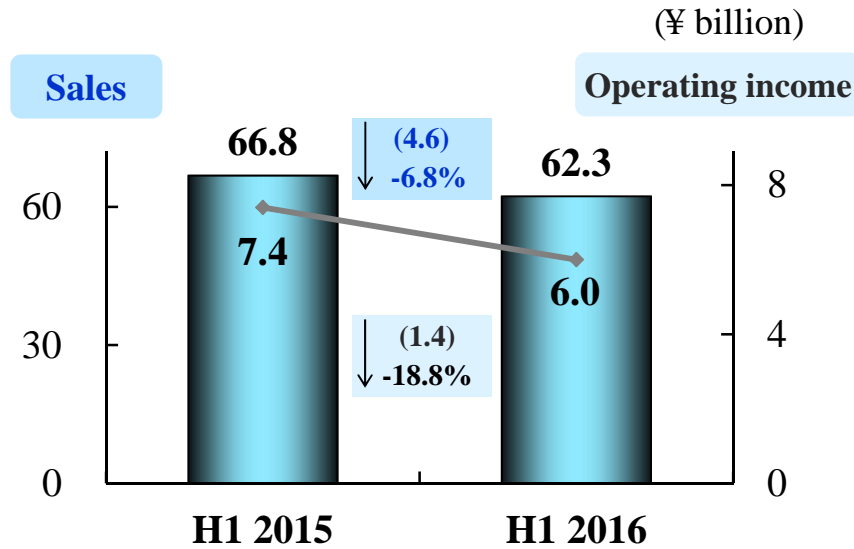
Revised segments and business categories

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.

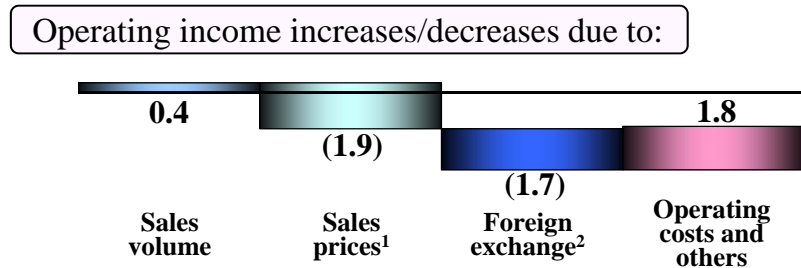
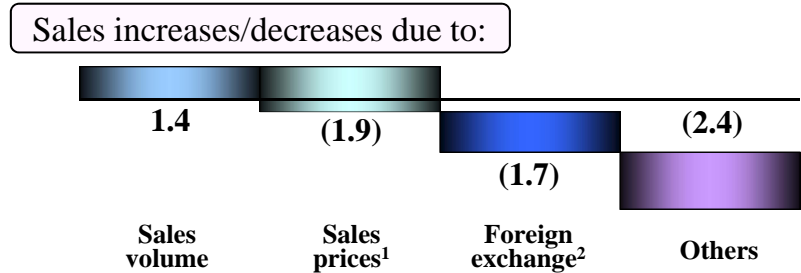
Former Segments	New Segments	Business Categories
Chemicals & Fibers	Material	Fibers
Homes & Construction Materials		Chemicals
		Electronics
Electronics	Homes	Homes
Health Care	Health Care	Construction Materials
		Health Care
		Critical Care

For comparison purposes, FY 2015 results shown in this document are recalculated in accordance with the new classifications.



Review of operations

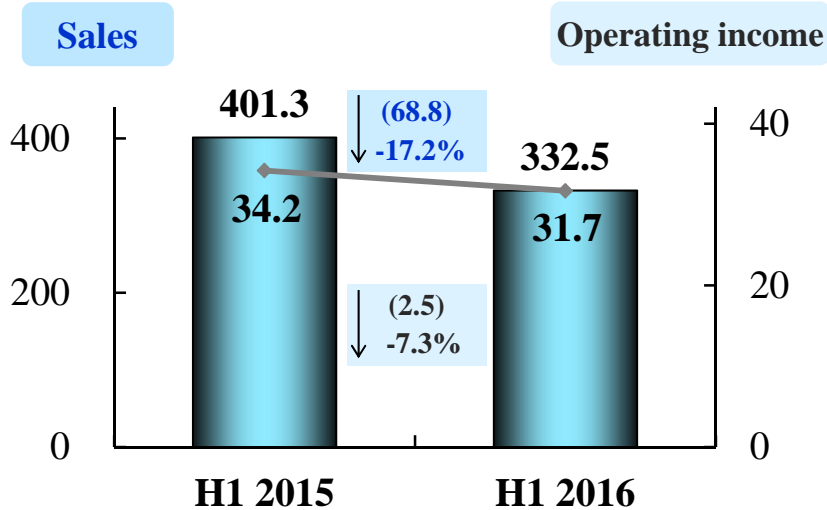
Increased shipments of Bemberg cupro fiber, Lamous artificial suede, and Leona nylon 66 filament. Declined selling prices due to competition. Impact of the stronger yen on each product. Sales and operating income decrease.



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

² Impact of foreign exchange on sales prices

(¥ billion)



Review of operations

Petrochemicals:

Improved terms of trade, most notably for acrylonitrile. Decreased shipments of styrene. Sales and operating income decrease.

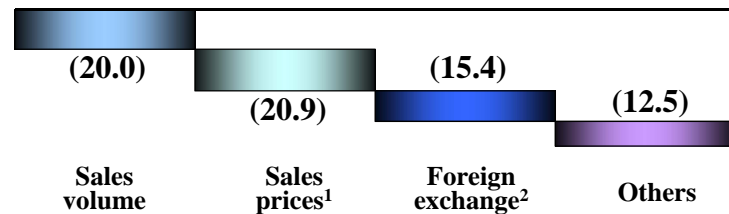
Performance polymers:

Increased shipments of synthetic rubber for fuel-efficient tires. Impact of the stronger yen on each product. Sales and operating income decrease.

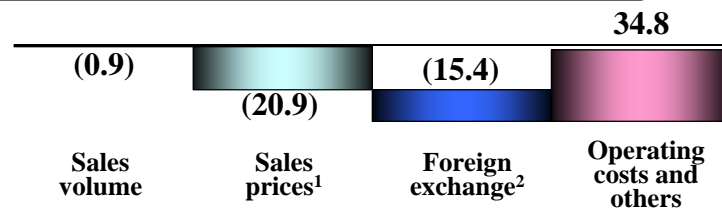
Performance materials & consumables:

Impact of the stronger yen on ion-exchange membranes. Firm sales of Saran Wrap cling film. Sales decrease, but operating income increase.

Sales increases/decreases due to:

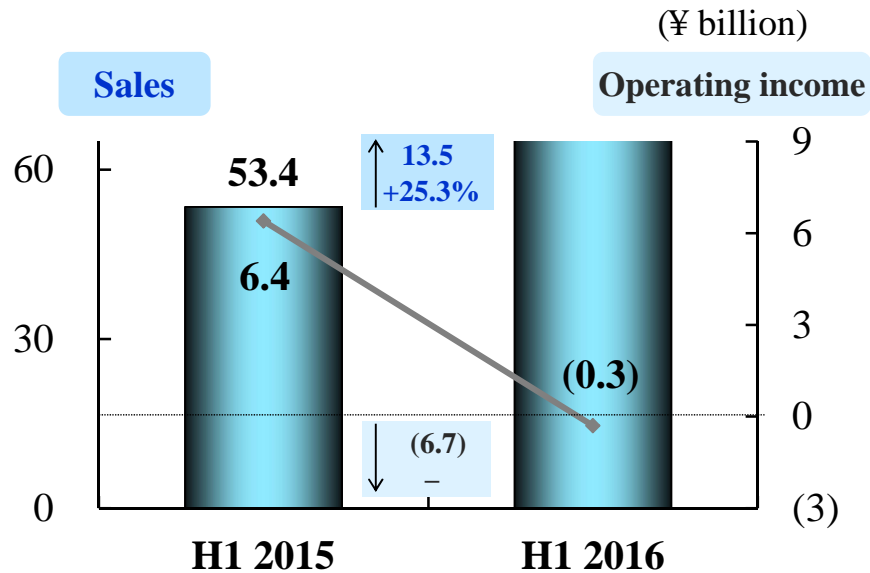


Operating income increases/decreases due to:

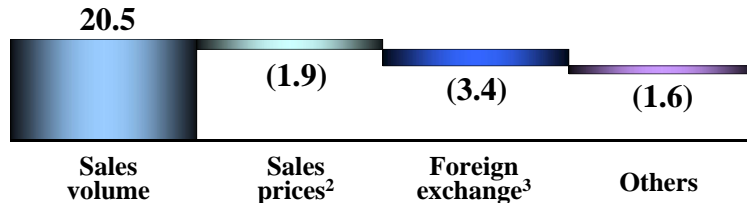


¹ Increase (decrease) in sales prices excluding impact of foreign exchange

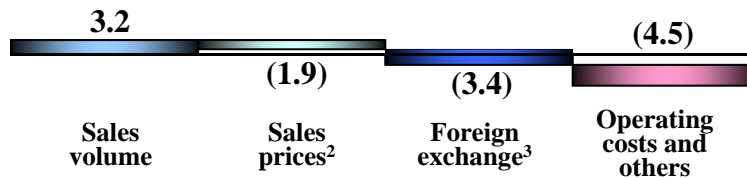
² Impact of foreign exchange on sales prices



Sales increases/decreases due to:



Operating income increases/decreases due to:



Review of operations

Separators:

Increased shipments of Hipore Li-ion battery separator. Results of Polypore, consolidated from Q2 2015, included; significant amortization of goodwill, etc., recorded. Impact of the stronger yen. Sales increase, but operating income decrease.

Electronic devices:

Increased shipments of audio devices for smartphones. Impact of the stronger yen. Decreased shipments of electronic compasses. Sales and operating income decrease.

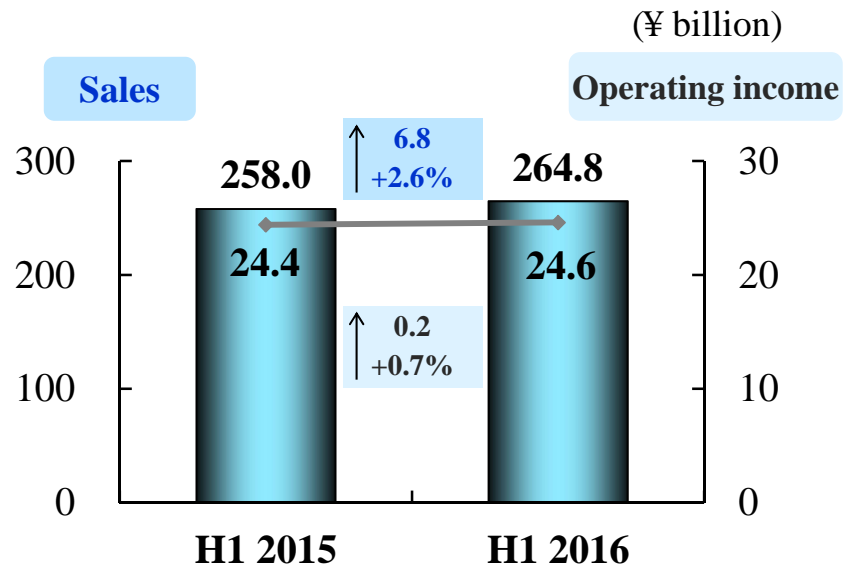
Highlights

- May, announcement of capacity increase for Hipore in Moriyama-shi, Shiga, Japan.

¹ Results of Polypore International, LP and its consolidated subsidiaries, acquired on August 26, 2015 (US Eastern time), etc. are included from Q2 2015.

² Increase (decrease) in sales prices excluding impact of foreign exchange

³ Impact of foreign exchange on sales prices



Results by product category

(¥ billion)

	H1 2015		H1 2016		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	183.8	17.4	183.5	16.0	(0.3)	(1.4)
Real estate (Asahi Kasei Realty & Residence)	45.6	2.7	54.8	5.2	9.2	2.6
Remodeling (Asahi Kasei Reform)	27.8	3.4	27.0	2.3	(0.7)	(1.1)
Other housing-related, etc.	0.9	0.9	(0.5)	1.0	(1.4)	0.1
Total	258.0	24.4	264.8	24.6	6.8	0.2

Review of operations

Order-built homes:

- Smooth deliveries of Hebel Haus unit homes and Hebel Maison apartment buildings. Increased SG&A expenses, such as advertising expenses. Sales flat, but operating income decrease.
- 4.9% year-on-year decrease in value of new orders centered on apartment buildings, with advertising curtailed since late October 2015.

Real estate, remodeling and others:

Increased SG&A expenses such as labor costs, in remodeling. Firm performance of rental management in real estate. Sales and operating income increase.

Highlights

- May, agreement with Mori-Gumi Co., Ltd. on a capital and business alliance including sharing know-how in the fields of construction of mid-to-high-rise homes and condominiums, large-scale repair and renovation of existing condominiums, etc.
- May, participation in a condominium project in Zhonghe, New Taipei, Taiwan, as the first overseas project for Asahi Kasei Realty & Residence Corp.
- November, advance sale of mid-to-high-rise building system with heavy steel frame structure able to meet diverse needs for shops and offices on upper floors.

Homes (i)

Sales¹ 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	H1	206.6	(-4.9%)	183.5	(-0.1%)	11.8	41.2	1.8	54.8	27.0	(0.5)	264.8	(+2.6%)	538.8
	H2 forecast	201.4	(+10.0%)	218.5	(-4.1%)	10.2	43.8	2.2	56.2	30.5	0.0	305.2	(-6.1%)	525.1
	annual forecast	408.0	(+1.9%)	402.0	(-2.3%)	22.0	85.0	4.0	111.0	57.5	(0.5)	570.0	(-2.2%)	

¹ As the rental management operation of Asahi Kasei Homes was transferred to Asahi Kasei Realty & 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)

Breakdown of H1 2016 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	103.5	+2.7%	3,325	+0.0%	114.3	+0.1%	3,602	-3.3%
	3+ story	36.1	-3.6%	1,335	-3.7%	45.1	-7.2%	1,767	-4.9%
	Total	139.5	+1.0%	4,660	-1.1%	159.5	-2.1%	5,369	-3.8%
Multi-dwelling homes	1-2 story	15.1	+4.3%	1,072	-7.0%	14.7	-27.2%	1,040	-31.8%
	3+ story	26.3	+7.2%	1,965	+6.8%	32.4	-5.1%	2,274	-9.3%
	Total	41.4	+6.1%	3,037	+1.5%	47.1	-13.3%	3,314	-17.8%
Order-built homes total		180.9	+2.1%	7,697	-0.1%	206.6	-4.9%	8,683	-9.7%
Other ¹		2.6	-60.8%	13	-13.3%	-	-	-	-
Asahi Kasei Homes total		183.5	-0.1%	7,710	-0.1%	206.6	-4.9%	8,683	-9.7%

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

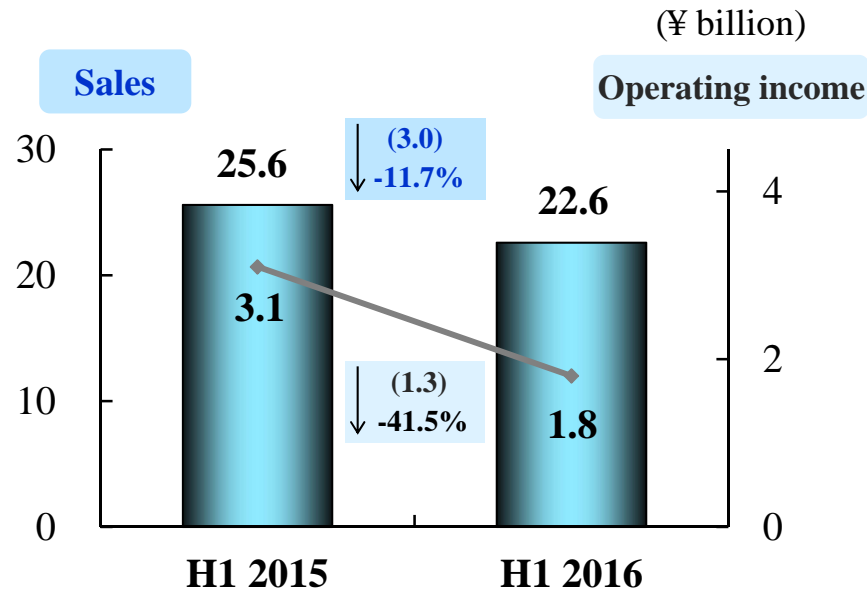
Homes (iii)

Breakdown of 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	218.3	+2.7%	6,820	-1.9%	224.7	+4.9%	7,100	+2.7%
	3+ story	82.6	-4.8%	3,100	-10.6%	87.8	+0.0%	3,440	+5.4%
	Total	300.9	+0.5%	9,920	-4.8%	312.6	+3.4%	10,540	+3.5%
Multi-dwelling homes	1-2 story	32.2	-14.5%	2,320	-21.5%	30.1	-15.0%	2,130	-18.9%
	3+ story	62.9	-2.7%	4,720	-4.4%	65.3	+4.1%	4,580	-0.4%
	Total	95.1	-7.1%	7,040	-10.8%	95.4	-2.8%	6,710	-7.2%
Order-built homes total		396.0	-1.4%	16,960	-7.4%	408.0	+1.9%	17,250	-0.9%
Other ¹		6.0	-38.8%	30	+20.0%	-	-	-	-
Asahi Kasei Homes total		402.0	-2.3%	16,990	-7.4%	408.0	+1.9%	17,250	-0.9%

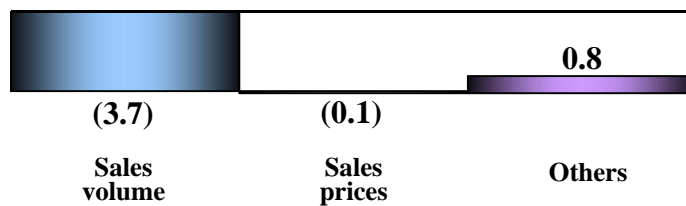
¹ Includes sales of street-corner showrooms and land for Hebel Haus construction, insurance commissions, etc.



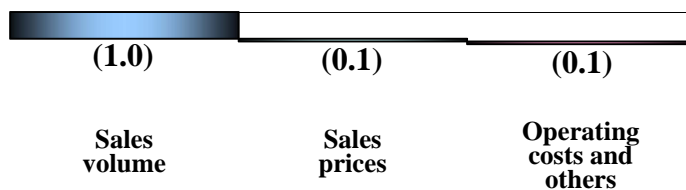
Review of operations

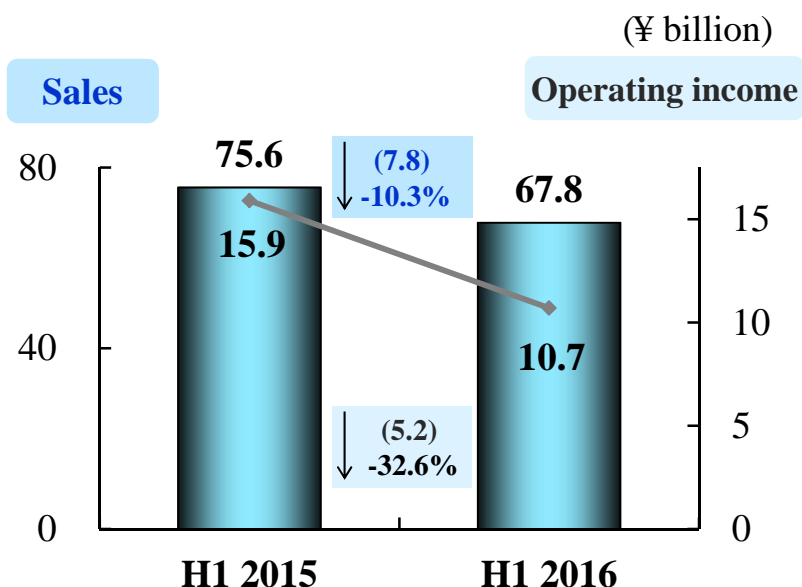
Firm sales of Neoma phenolic foam insulation panels. Decreased shipments for autoclaved aerated concrete (AAC) and foundation systems. Sales and operating income decrease.

Sales increases/decreases due to:

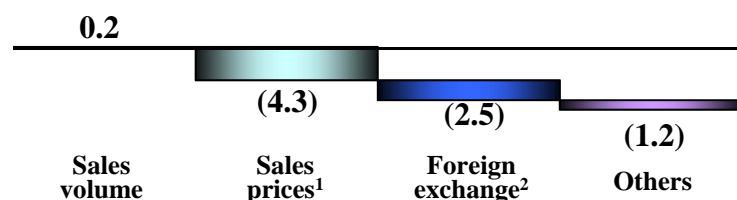


Operating income increases/decreases due to:

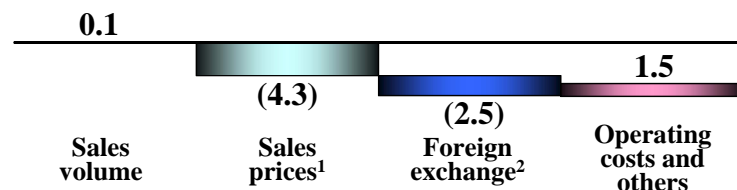




Sales increases/decreases due to:



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:

Increased shipments of Teribone osteoporosis drug and Recomodulin recombinant thrombomodulin. Reduced reimbursement prices. 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 Planova virus removal filters. Impact of the stronger yen. Reduced reimbursement prices for dialysis-related products in Japan. Sales and operating income decrease.

Highlights

- June, agreement with Orion Corporation of Finland on global strategic collaboration for the discovery, development, and commercialization of new pain management therapies.
- June, completion of new facility in Fuji, Shizuoka, Japan, for manufacture of active pharmaceutical ingredient of Recomodulin.
- July, application to extend duration of treatment for Teribone 56.5 µg subcutaneous injection.
- September, completion of new spinning plant for hollow-fiber membranes for Planova BioEX filters in Oita, Japan.
- September, announcement of license agreement with Basilea Pharmaceutica International Ltd. of Switzerland, for exclusive rights to develop and commercialize Basilea's antifungal isavuconazole in Japan.
- September, approval for manufacture and sale of Reclast for intravenous infusion 5 mg (generic name: zoledronic acid, development code: AK156) in Japan for treatment of osteoporosis.

Health Care (i)

Sales of Health Care segment

(¥ billion)

		FY 2015		FY 2016	
		H1	Total	H1	forecast
	Domestic pharmaceuticals	37.6	70.6	31.2	62.0
	Others	2.8	5.7	3.4	6.0
Asahi Kasei Pharma consolidated		40.4	76.3	34.7	68.0
Devices ¹		35.2	68.6	33.1	65.0
Total		75.6	144.9	67.8	133.0

¹ Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

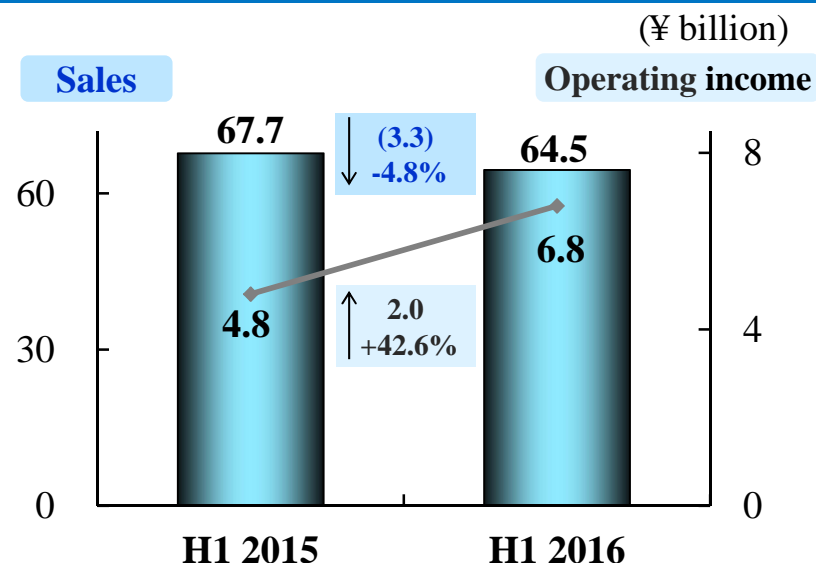
	FY 2015		FY 2016	
	H1	Total	H1	forecast
Teribone	13.9	26.7	12.0	23.5
Recomodulin	6.2	12.3	6.3	13.1
Flivas	5.6	9.3	3.1	6.1
Elcitonin	2.7	5.1	2.3	4.5
Bredinin	2.7	5.1	2.2	4.3

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
Recomodulin	Recombinant thrombomodulin alpha	Anticoagulant	Disseminated intravascular coagulation	Injection
Flivas	Naftopidil	Selective α -1 blocker	Benign prostatic hyperplasia	Tablet
Elcitonin	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection
Bredinin	Mizoribine	Immunosuppressant	Rheumatoid arthritis, kidney transplantation, nephrotic syndrome, lupus nephritis	Tablet

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Approved	Reclast AK156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Osteoporosis drug, bisphosphonate	Osteoporosis	Licensed
Pending approval	MN-10-T, injection, teriparatide acetate	New dose; extension of duration	Osteoporosis drug	Osteoporosis with high risk of fracture	In-house
Phase III	ART-123, injection, recombinant thrombomodulin alpha	New efficacy	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	In-house
Phase II	ART-123, injection, recombinant thrombomodulin alpha	New efficacy	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

Continued good expansion of LifeVest wearable defibrillator business. Increased sales of other products such as defibrillators and related accessories. Increased SG&A expenses with reinforced sales activity. Impact of the higher exchange value of the yen on the translation of results into consolidated accounts. On a US dollar-basis, sales and operating income increase, but on a Japanese yen-basis, sales decrease.

Financial performance of Critical Care

(\$ million)

	H1	H2	FY2015	H1	H2	FY2016
					forecast	forecast
Net sales	556	613	1,169	612	673	1,285
Gross operating income before PPA ¹ impact	101	122	223	126	141	266
Amortization/depreciation from PPA ¹ revaluation	(61)	(62)	(123)	(61)	(61)	(122)
Goodwill	(37)	(38)	(75)	(37)	(38)	(75)
Other intangible assets, etc.	(24)	(24)	(49)	(24)	(24)	(47)
Consolidated operating income	39	60	99	65	79	144

¹ Purchase price allocation.