

Fiscal quarter ended June 2017

– supplementary financial summary –

August 3, 2017

Asahi Kasei Corporation

Consolidated results for fiscal quarter ended June 2017

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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 quarter ended June 2017

Summary of financial results

Asahi**KASEI**

(¥ billion, unless otherwise specified)

	Q1 2016	H1 2016	Q1 2017	H1 2017 forecast in May	Q1 2017 vs. Q1 2016	
					Increase (decrease)	% change
Net sales	425.8	890.7	448.7	950.0	22.9	+5.4%
Operating income	29.9	70.8	37.9	71.5	8.0	+26.7%
Ordinary income	28.3	69.9	41.2	73.5	12.9	+45.7%
Net income attributable to owners of the parent	24.1	52.9	30.1	49.0	6.0	+24.8%

Key operating factors

Naphtha price (¥/kL, domestic)	31,600	31,450	39,100	41,000
¥/US\$ exchange rate (market average)	108	105	111	110
¥/€ exchange rate (market average)	122	118	122	120

Financial position

	At end of March 2017	At end of June 2017	Increase (decrease)
Total assets	2,254.5	2,256.6	2.1
Equity	1,151.3	1,170.1	18.8
Interest-bearing debt	402.8	412.3	9.4
D/E ratio	0.35	0.35	0.00

Statements of income

Asahi**KASEI**

(¥ billion)

	Q1 2016		Q1 2017		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	425.8	100.0%	448.7	100.0%	22.9	+5.4%
Cost of sales	291.3	68.4%	302.1	67.3%	10.9	+3.7%
Gross profit	134.6	31.6%	146.6	32.7%	12.1	+9.0%
Selling, general and administrative expenses	104.7	24.6%	108.7	24.2%	4.1	+3.9%
Operating income	29.9	7.0%	37.9	8.4%	8.0	+26.7%
Net non-operating income (expenses)	(1.6)		3.3		4.9	
of which,						
net financing income (expense)	1.3		1.3		0.1	
net equity in earnings (losses) of affiliates	(0.1)		2.6		2.7	
foreign exchange gains (loss)	(2.5)		(0.5)		2.0	
Ordinary income	28.3	6.6%	41.2	9.2%	12.9	+45.7%
Net extraordinary income (loss)	2.1		4.4		2.3	
Income before income taxes	30.4	7.1%	45.6	10.2%	15.2	+50.1%
Income taxes	(5.9)		(15.0)		(9.1)	
Net income attributable to non-controlling interests	(0.4)		(0.5)		(0.2)	
Net income attributable to owners of the parent	24.1	5.7%	30.1	6.7%	6.0	+24.8%

Extraordinary income and loss

Asahi**KASEI**

(¥ billion)

	Q1 2016	Q1 2017	Increase (decrease)
Gain on sales of investment securities	3.9	5.5	1.7
Gain on sales of noncurrent assets	0.0	0.4	0.4
Total extraordinary income	3.9	5.9	2.1
Loss on valuation of investment securities	–	0.0	0.0
Loss on disposal of noncurrent assets	0.7	0.7	(0.0)
Impairment losses	0.0	0.5	0.5
Business structure improvement expenses	0.5	0.4	(0.1)
Business integration expense	0.6	–	(0.6)
Total extraordinary loss	1.8	1.6	(0.2)
Net extraordinary income (loss)	2.1	4.4	2.3

Balance sheets

AsahiKASEI

(¥ billion)

	At end of Mar. 2017	At end of Jun. 2017	Increase (decrease)		At end of Mar. 2017	At end of Jun. 2017	Increase (decrease)
Current assets	894.5	894.9	0.4	Liabilities	1,086.4	1,069.4	(17.0)
Cash and deposits	145.3	153.3	8.0	Current liabilities	594.9	584.6	(10.3)
Notes and accounts receivable–trade	302.8	284.8	(18.0)	Noncurrent liabilities	491.5	484.8	(6.7)
Inventories	346.7	359.2	12.5	Net assets	1,168.1	1,187.2	19.1
Other current assets	99.8	97.7	(2.2)	Shareholders' equity	1,030.1	1,040.9	10.8
Noncurrent assets	1,360.0	1,361.7	1.7	Capital stock	103.4	103.4	–
Property, plant and equipment	556.9	558.6	1.7	Capital surplus	79.4	79.4	(0.0)
Intangible assets	462.8	453.9	(8.9)	Retained earnings	850.5	861.3	10.8
Investments and other assets	340.3	349.2	8.9	Treasury stock	(3.2)	(3.3)	(0.0)
				Accumulated other comprehensive income	121.2	129.2	8.0
				Non-controlling interests	16.8	17.1	0.3
Total assets	2,254.5	2,256.6	2.1	Total liabilities and net assets	2,254.5	2,256.6	2.1

Cash flows

Asahi**KASEI**

(¥ billion)

	Q1 2016	Q1 2017
a. Net cash provided by (used in) operating activities	33.5	37.0
b. Net cash used in investing activities	(22.6)	(24.9)
c. Free cash flows [a+b]	10.8	12.1
d. Net cash provided by (used in) financing activities	(10.8)	(9.9)
e. Effect of exchange rate change on cash and cash equivalents	(9.9)	5.6
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(9.9)	7.7
g. Cash and cash equivalents at beginning of period	145.3	144.1
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	0.3	0.3
i. Cash and cash equivalents at end of period [f+g+h]	135.7	152.1

Sales and operating income by segment **AsahiKASEI**

(¥ billion)

	Sales			Operating income		
	Q1 2016	Q1 2017	Increase (decrease)	Q1 2016	Q1 2017	Increase (decrease)
Material ¹	230.1	246.8	16.7	17.8	28.0	10.2
Homes	126.1	128.3	2.2	8.5	7.6	(1.0)
Health Care	66.7	70.1	3.3	9.6	9.0	(0.6)
Others ¹	2.9	3.6	0.6	0.2	0.0	(0.2)
Corporate expenses and eliminations	–	–	–	(6.3)	(6.8)	(0.5)
Consolidated	425.8	448.7	22.9	29.9	37.9	8.0

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Material segment. FY 2016 figures are recalculated in accordance with the new classification.

Sales and operating income by business category¹ **AsahiKASEI**

(¥ billion)

	Sales			Operating income		
	Q1 2016	Q1 2017	Increase (decrease)	Q1 2016	Q1 2017	Increase (decrease)
Fibers	30.9	32.0	1.1	3.3	3.5	0.2
Chemicals ²	167.0	178.3	11.4	14.7	22.5	7.9
Electronics	32.2	36.5	4.3	(0.1)	2.0	2.2
Homes	115.7	115.6	(0.1)	7.8	6.9	(0.8)
Construction Materials	10.3	12.6	2.3	0.9	0.7	(0.1)
Health Care	34.5	32.7	(1.8)	6.8	5.3	(1.5)
Critical Care	32.2	37.3	5.1	2.8	3.7	0.9
Others ²	2.9	3.6	0.6	0.2	0.0	(0.2)
Corporate expenses and eliminations	–	–	–	(6.4)	(6.9)	(0.5)
Consolidated	425.8	448.7	22.9	29.9	37.9	8.0

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

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

Asahi**KASEI**

(¥ billion)

		Q1 2016	Q1 2017	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Fibers	Sales	30.9	32.0	1.1	1.3	(0.3)	(0.0)	0.1	–
	Operating income	3.3	3.5	0.2	1.0			–	(0.6)
Chemicals ²	Sales	167.0	178.3	11.4	(2.8)	14.5	0.9	(0.4)	–
	Operating income	14.7	22.5	7.9	2.5			–	(9.1)
Electronics	Sales	32.2	36.5	4.3	4.3	(0.5)	0.3	0.5	–
	Operating income	(0.1)	2.0	2.2	1.8			–	0.9
Homes	Sales	115.7	115.6	(0.1)	(1.3)	(0.3)	–	1.5	–
	Operating income	7.8	6.9	(0.8)	0.3			–	(0.8)
Construction Materials	Sales	10.3	12.6	2.3	1.5	(0.1)	–	0.9	–
	Operating income	0.9	0.7	(0.1)	0.5			–	(0.6)

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

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

AsahiKASEI

(¥ billion)

		Q1 2016	Q1 2017	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	34.5	32.7	(1.8)	(1.8)	(0.0)	0.0	0.0	–
	Operating income	6.8	5.3	(1.5)	(1.3)			–	(0.2)
Critical Care	Sales	32.2	37.3	5.1	4.1	0.1	(0.2)	1.0	–
	Operating income	2.8	3.7	0.9	2.3			–	(1.5)
Others ²	Sales	2.9	3.6	0.6	0.6	–	–	–	–
	Operating income	0.2	0.0	(0.2)	(0.1)			–	(0.0)
Corporate expenses and eliminations	Operating loss	(6.4)	(6.9)	(0.5)	–	–	–	–	(0.5)
Consolidated	Sales	425.8	448.7	22.9	5.9	13.4	1.1	3.6	–
	Operating income	29.9	37.9	8.0	7.0			–	(12.4)

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

Forecast for first half fiscal 2017

Consolidated operating performance forecast

AsahiKASEI

(¥ billion, unless otherwise specified)

	FY 2016			H1 2017 forecast			Increase (decrease) b-a	H1 2017 forecast in May c	Increase (decrease) b-c
	H1 a	H2	Total	Q1	Q2 forecast	Total b			
Net sales	890.7	992.3	1,883.0	448.7	508.3	957.0	66.3	950.0	7.0
Operating income	70.8	88.5	159.2	37.9	42.1	80.0	9.2	71.5	8.5
Ordinary income	69.9	90.8	160.6	41.2	42.8	84.0	14.1	73.5	10.5
Net income attributable to owners of the parent	52.9	62.1	115.0	30.1	29.9	60.0	7.1	49.0	11.0

Key operating factors

Naphtha price (¥/kL, domestic)	31,450	37,900	34,675	39,100	35,000	37,050	5,600	41,000	(3,950)
¥/US\$ exchange rate (market average)	105	112	108	111	110	111	5	110	1
¥/€ exchange rate (market average)	118	119	119	122	130	126	8	120	6

	FY 2016	H1 2017 (planned)
Dividends per share	¥24	¥12

Sales forecast by business category

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a	H1 2017 forecast in May c	Increase (decrease) b-c	Increase (decrease) from Q1 to Q2 2017 forecast
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 forecast b				
Fibers	30.9	31.4	62.3	32.0	34.0	66.0	3.7	66.0	–	2.0
Chemicals ¹	167.0	167.9	334.8	178.3	189.7	368.0	33.2	361.0	7.0	11.3
Electronics	32.2	34.7	66.9	36.5	39.5	76.0	9.1	77.0	(1.0)	3.0
Homes	115.7	149.1	264.8	115.6	154.4	270.0	5.2	270.0	–	38.7
Construction Materials	10.3	12.3	22.6	12.6	13.4	26.0	3.4	26.0	–	0.8
Health Care	34.5	33.3	67.8	32.7	34.3	67.0	(0.8)	67.0	–	1.5
Critical Care	32.2	32.3	64.5	37.3	38.7	76.0	11.5	74.0	2.0	1.3
Others ¹	2.9	4.1	7.0	3.6	4.4	8.0	1.0	9.0	(1.0)	0.8
Consolidated	425.8	464.9	890.7	448.7	508.3	957.0	66.3	950.0	7.0	59.5

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

Operating income forecast by business category¹

AsahiKASEI

(¥ billion)

	FY 2016			FY 2017			Increase (decrease) b-a	H1 2017 forecast in May c	Increase (decrease) b-c	Increase (decrease) from Q1 to Q2 2017 forecast
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 forecast b				
Fibers	3.3	2.7	6.0	3.5	2.5	6.0	0.0	6.0	-	(1.0)
Chemicals ²	14.7	18.6	33.3	22.5	20.5	43.0	9.7	35.5	7.5	(2.1)
Electronics	(0.1)	(0.2)	(0.3)	2.0	1.0	3.0	3.3	3.0	-	(1.0)
Homes	7.8	16.8	24.6	6.9	15.6	22.5	(2.1)	21.5	1.0	8.6
Construction Materials	0.9	1.0	1.8	0.7	0.8	1.5	(0.3)	1.5	-	0.0
Health Care	6.8	4.0	10.7	5.3	3.7	9.0	(1.7)	9.0	-	(1.6)
Critical Care	2.8	4.0	6.8	3.7	4.3	8.0	1.2	7.5	0.5	0.6
Others ²	0.2	0.7	0.9	0.0	1.0	1.0	0.1	1.0	-	1.0
Corporate expenses and eliminations	(6.4)	(6.6)	(13.0)	(6.9)	(7.1)	(14.0)	(1.0)	(13.5)	(0.5)	(0.3)
Consolidated	29.9	40.9	70.8	37.9	42.1	80.0	9.2	71.5	8.5	4.3

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

² Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

Sales and operating income forecast by segment

AsahiKASEI

Sales forecast

(¥ billion)

	FY 2016		FY 2017		Increase (decrease) c-a	Increase (decrease) d-b
	Q1 a	H1 b	Q1 c	H1 forecast d		
Material ¹	230.1	464.0	246.8	510.0	16.7	46.0
Homes	126.1	287.5	128.3	296.0	2.2	8.5
Health Care	66.7	132.3	70.1	143.0	3.3	10.7
Others ¹	2.9	7.0	3.6	8.0	0.6	1.0
Consolidated	425.8	890.7	448.7	957.0	22.9	66.3

Operating income forecast

(¥ billion)

	FY 2016		FY 2017		Increase (decrease) c-a	Increase (decrease) d-b
	Q1 a	H1 b	Q1 c	H1 forecast d		
Material ¹	17.8	38.9	28.0	52.0	10.2	13.1
Homes	8.5	26.5	7.6	24.0	(1.0)	(2.5)
Health Care	9.6	17.6	9.0	17.0	(0.6)	(0.6)
Others ¹	0.2	0.9	0.0	1.0	(0.2)	0.1
Corporate expenses and eliminations	(6.3)	(13.1)	(6.8)	(14.0)	(0.5)	(0.9)
Consolidated	29.9	70.8	37.9	80.0	8.0	9.2

¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Material segment. FY 2016 figures are recalculated in accordance with the new classification.

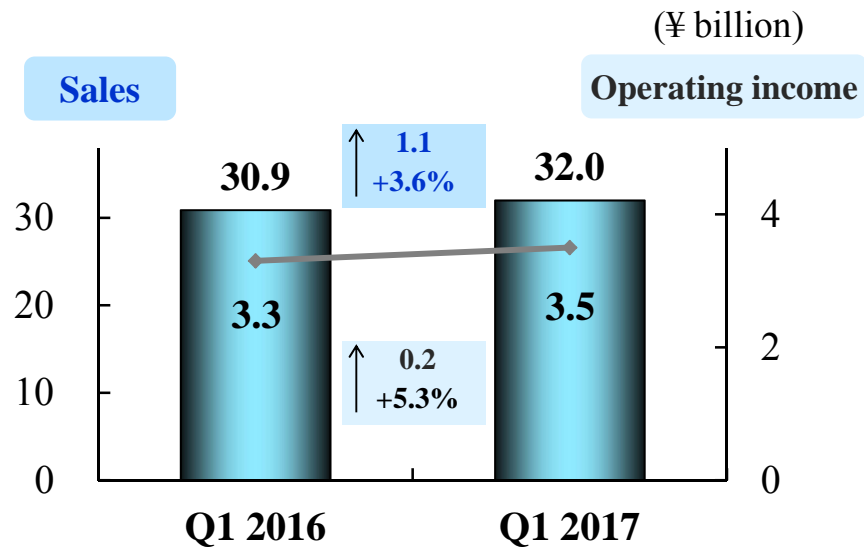
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Appendix

Statements of comprehensive income

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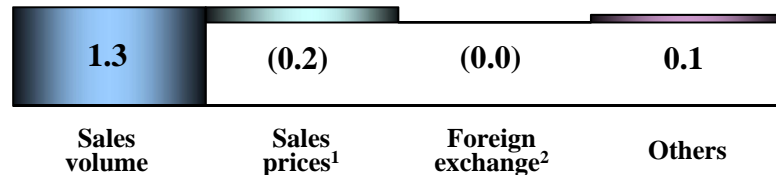
	Q1 2016	Q1 2017	(¥ billion) Increase (decrease)
a: Net income	24.5	30.6	6.1
Net increase (decrease) in unrealized gain on other securities	(12.6)	2.1	14.6
Deferred gains or losses on hedges	(0.2)	(0.1)	0.1
Foreign currency translation adjustment	(55.8)	4.3	60.0
Remeasurements of defined benefit plans	2.5	2.1	(0.4)
Share of other comprehensive income of affiliates accounted for using equity method	(1.8)	0.0	1.8
b: Other comprehensive income	(67.8)	8.4	76.2
Comprehensive income [a+b]	(43.3)	39.0	82.3
Comprehensive income attributable to owners of the parent	(43.1)	38.1	81.2
Comprehensive income attributable to non-controlling interests	(0.3)	0.9	1.2



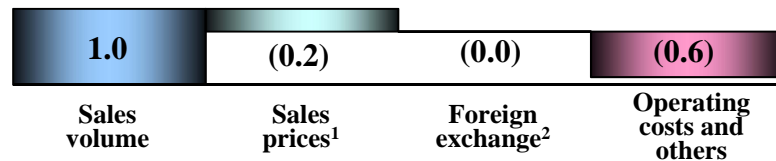
Review of operations

Impact of higher feedstock costs. Increased shipments of Bemliese cupro continuous-filament nonwoven and Lamous microfiber suede. Sales increase and slight operating income increase.

Sales increases/decreases due to:

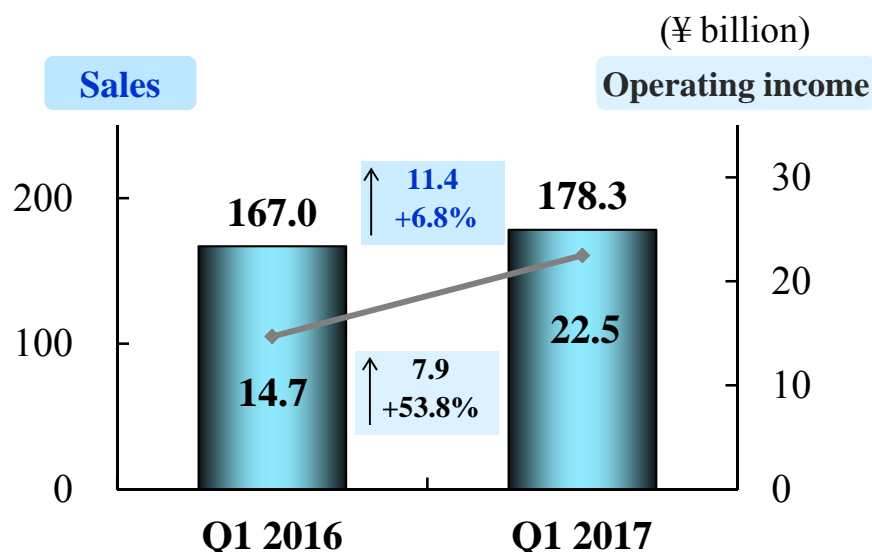


Operating income increases/decreases due to:

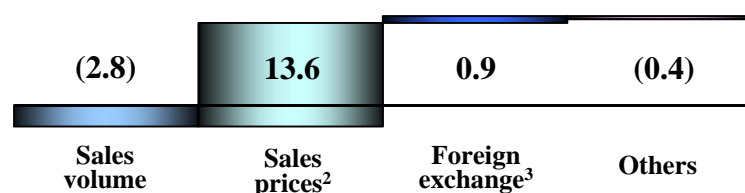


¹ Increase (decrease) in sales prices excluding impact of foreign exchange.

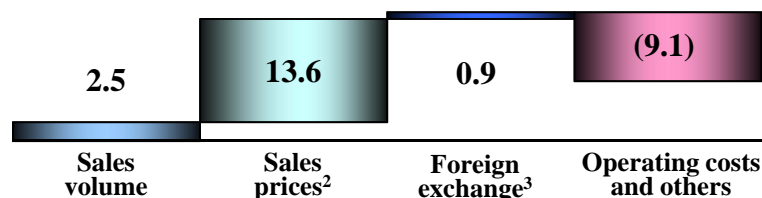
² Impact of foreign exchange on sales prices.



Sales increases/decreases due to:



Operating income increases/decreases due to:



Review of operations

Petrochemicals:

Impact of naptha cracker maintenance turnaround at Asahi Kasei Mitsubishi Chemical Ethylene Corporation, in Mizushima, Okayama, Japan. Improved market prices for acrylonitrile. Sales and operating income increase.

Performance polymers:

Firm sales of engineering plastics. Improved terms of trade for synthetic rubber. Sales and operating income increase.

Performance materials and consumables:

Increased shipments of ion-exchange membranes, electronic materials, and Saran Wrap cling film, etc. Sales and operating income increase.

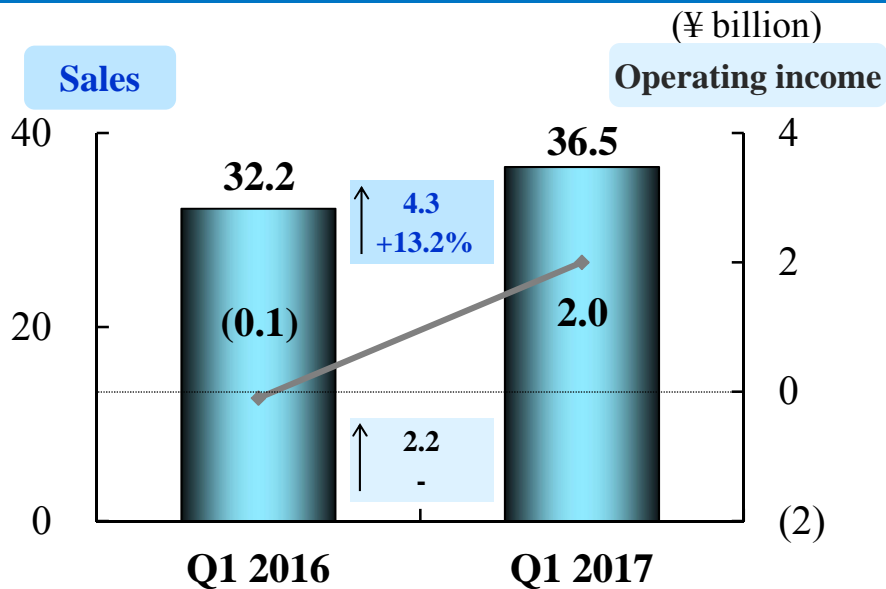
Highlights

- July, decision to increase production capacity for solution-polymerized styrene-butadiene rubber (S-SBR) for fuel-efficient tires in Singapore.

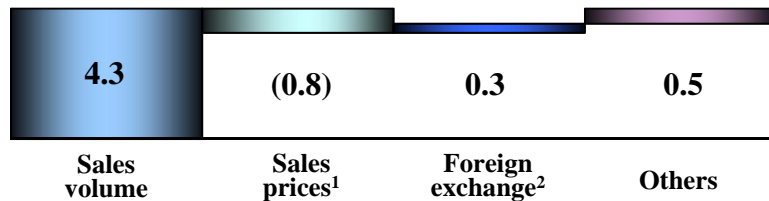
¹ Beginning with FY 2017, the Energy Division, which was formerly included in Others, is reclassified into the Chemicals business category. FY 2016 figures are recalculated in accordance with the new classification.

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

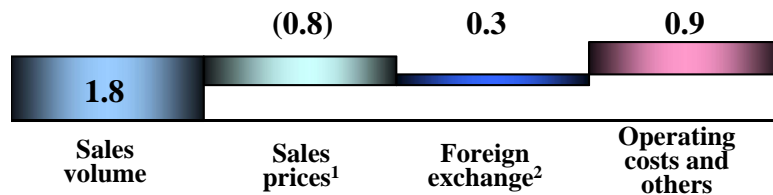
³ Impact of foreign exchange on sales prices.



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.

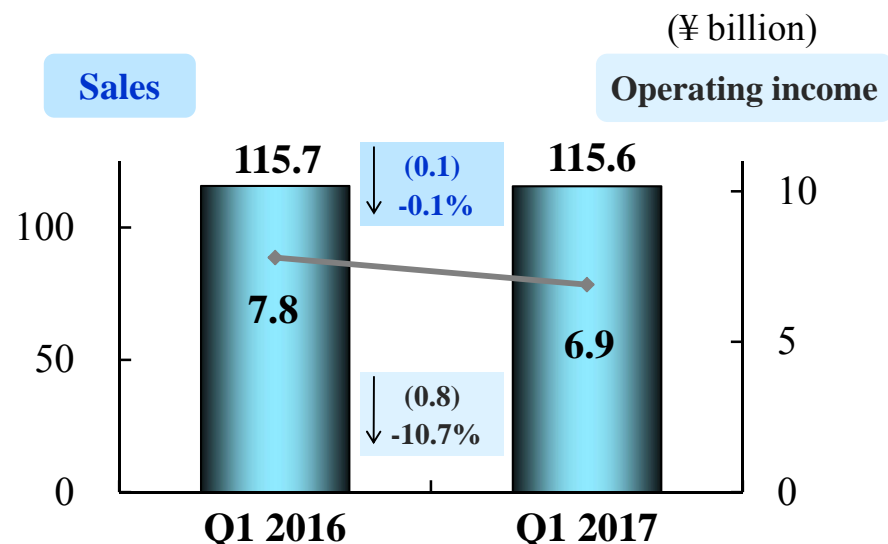
Review of operations

Separators:

Increased shipments of each battery separator product, centered on Hipore Li-ion battery separator. Sales and operating income increase.

Electronic devices:

Firm sales of electronic devices for camera modules and magnetic sensors for household appliances. Sales and operating income increase.



Results by product category

(¥ billion)

	Q1 2016		Q1 2017		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	75.8	3.7	72.3	2.4	(3.5)	(1.2)
Real estate (Asahi Kasei Realty & Residence)	26.9	4.1	30.5	4.5	3.6	0.4
Remodeling (Asahi Kasei Reform)	12.6		12.5		(0.1)	
Other housing-related, etc.	0.5		0.4		(0.1)	
Total	115.7	7.8	115.6	6.9	(0.1)	(0.8)

Review of operations

Order-built homes:

- Decreased deliveries of Hebel Maison apartment buildings. Increased SG&A expenses such as labor expenses. Sales and operating income decrease.
- 5.0% decrease in year-on-year value of new orders. Increased value of new orders for multi-dwelling homes with firm demand for apartment buildings, but decreased value for unit homes.

Real estate, remodeling and others:

Strong performance of rental management in real estate. Firm orders for exterior painting work in remodeling. Sales and operating income increase.

Highlights

- June, start of sales of Hebel Haus Cubic Roomy, a new model of the main product series of Hebel Haus Cubic two-story unit homes.

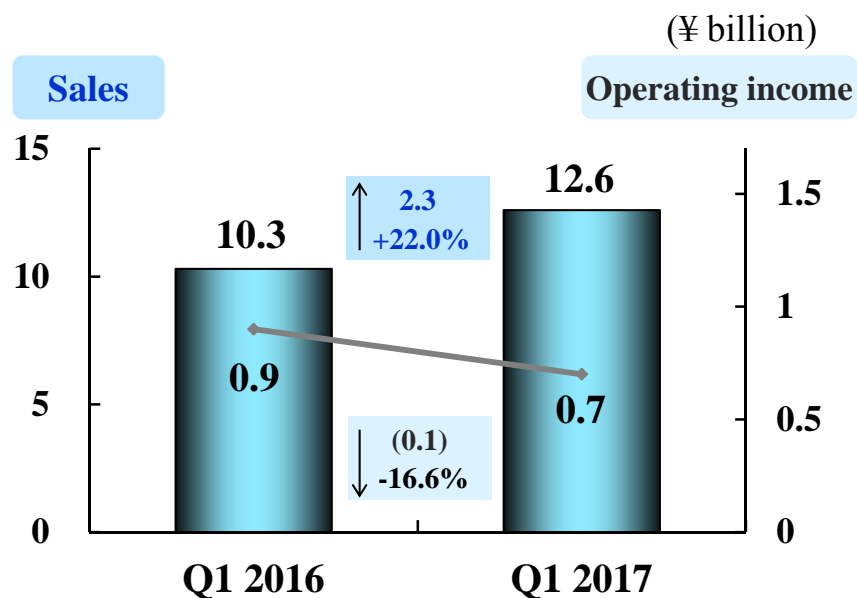
Homes (ii)

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				
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	Q1	96.5 (-9.7%)	75.8 (+7.4%)	5.7	20.4	0.8	26.9	12.6	0.5	115.7 (+5.3%)	534.9
	Q2	110.1 (-0.3%)	107.7 (-4.8%)	6.1	20.8	1.1	28.0	14.5	(1.1)	149.1 (+0.7%)	538.8
	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%)	
	H2	194.3 (+6.1%)	220.8 (-3.1%)	9.5	43.5	1.6	54.6	29.1	0.8	305.3 (-6.1%)	515.8
	annual	400.9 (+0.1%)	404.3 (-1.8%)	21.3	84.7	3.4	109.4	56.1	0.4	570.2 (-2.2%)	
FY17	Q1	91.6 (-5.0%)	72.3 (-4.6%)	7.3	22.4	0.7	30.5	12.5	0.4	115.6 (-0.1%)	536.3
	Q2 forecast	123.8 (+12.5%)	109.7 (+1.9%)	5.6	22.8	0.9	29.2	14.6	0.8	154.4 (+3.5%)	551.9
	H1 forecast	215.5 (+4.3%)	182.0 (-0.8%)	12.8	45.2	1.6	59.7	27.1	1.2	270.0 (+1.9%)	

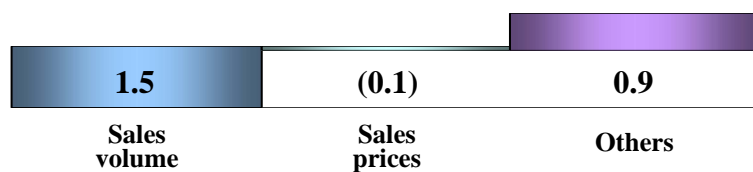
¹ As the rental management operation of Asahi Kasei Homes was transferred to Asahi Kasei Realty & Residence, the corresponding sales previously included in order-built homes, etc., are combined with rental housing under real estate beginning with H2 2015.



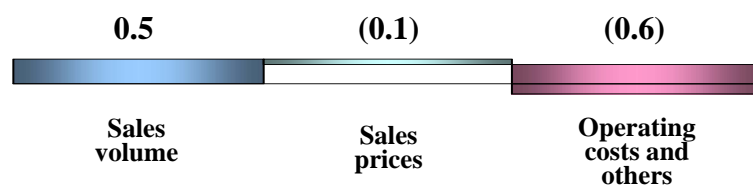
Review of operations

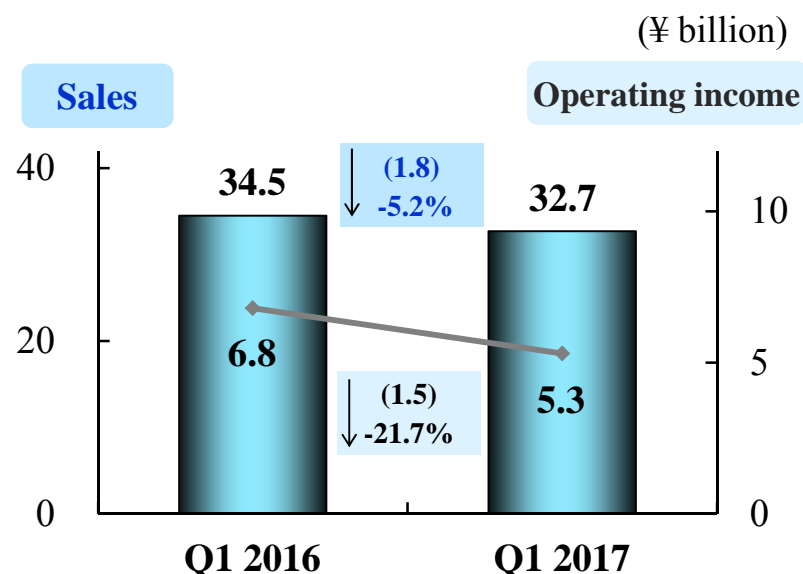
Firm sales of Neoma Foam phenolic foam insulation panels. Impact of higher feedstock costs. Sales increase, but operating income flat.

Sales increases/decreases due to:



Operating income increases/decreases due to:





Sales increases/decreases due to:

(1.8)	(0.0)	0.0	0.0
Sales volume	Sales prices ¹	Foreign exchange ²	Others

Operating income increases/decreases due to:

(1.3)	(0.0)	0.0	(0.2)
Sales volume	Sales prices ¹	Foreign exchange ²	Operating costs and others

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.
Decreased shipments of Flivas agent for treatment of benign prostatic hyperplasia due to competition from generics. Sales and operating income decrease.

Devices:

Decreased shipments of Planova virus removal filters and dialysis products. Sales and operating income decrease.

Highlights

- May, approval for an extension of the maximum duration of treatment for the osteoporosis drug Teribone 56.5 µg subcutaneous injection.
- June, application for import drug registration for Flivas (naftopidil) in China.

Sales of Health Care category

(¥ billion)

		FY 2016		FY 2017
		Q1	H1	Q1
	Domestic pharmaceuticals	16.0	31.2	15.6
	Others	1.3	3.4	1.2
Asahi Kasei Pharma consolidated		17.3	34.7	16.8
Devices ¹		17.2	33.1	15.9
Total		34.5	67.8	32.7

¹ Asahi Kasei Medical and affiliated companies.

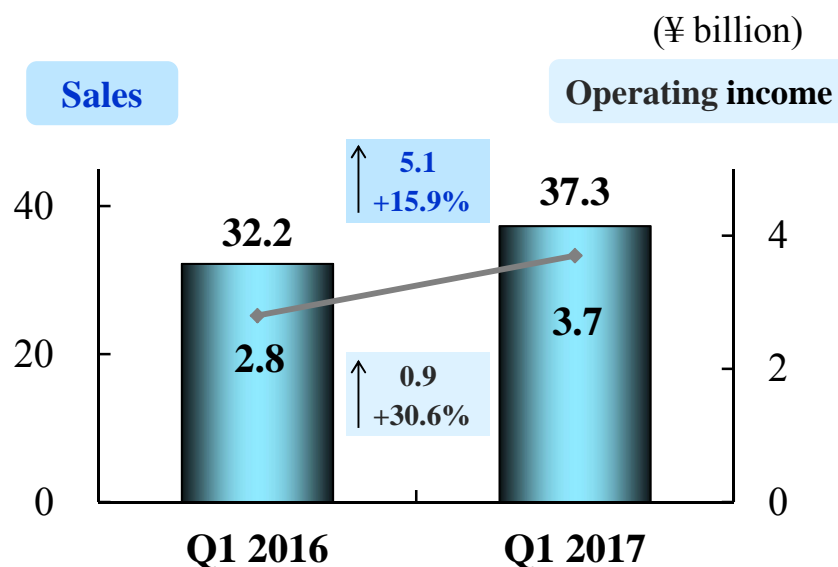
Main pharmaceuticals domestic sales

(¥ billion)

	FY 2016		FY 2017
	Q1	H1	Q1
Teribone	6.0	12.0	6.6
Recomodulin	3.0	6.3	2.8
Flivas	1.7	3.1	1.3
Elcitonin	1.2	2.3	1.0
Bredinin	1.2	2.2	1.0

Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Phase III	ART-123, injection, recombinant thrombomodulin alpha	Additional indication	Anticoagulant	Acute exacerbation of idiopathic pulmonary fibrosis (AE-IPF)	In-house
	MN-10-T, autoinjection, teriparatide acetate	New formulation; new dose	Osteoporosis drug	Osteoporosis with high risk of fracture	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	Severe sepsis with coagulopathy	In-house
	HE-69, mizoribine	Additional indication	Immunosuppressant	Lupus nephritis, nephrotic syndrome	In-house



Review of operations

Increased shipments of defibrillators for professional use. Firm performance of LifeVest wearable defibrillator business. Sales and operating income increase.

Financial performance of Critical Care business category

(\$ million)

	FY2016				FY 2017		Increase (decrease) b-a
	Q1 a	H1	H2	Total	H1 forecast		
					Q1 b		
Net sales	297	612	644	1,256	336	684	39
Gross operating income before PPA ¹ impact	56	126	133	259	64	135	7
Amortization/depreciation from PPA ¹ revaluation	(30)	(61)	(61)	(122)	(31)	(61)	(0)
Goodwill	(19)	(37)	(38)	(75)	(19)	(38)	(0)
Other intangible assets, etc.	(12)	(24)	(24)	(47)	(12)	(23)	0
Consolidated operating income	26	65	72	136	33	74	7

¹ Purchase price allocation.