Asahi Kasei Corporation
Head Office: 3-3-23 Nakanoshima, Kita-ku, Osaka, Japan
Tokyo Head Office: 1-105 Kanda Jinbocho, Chiyoda-ku, Tokyo, Japan
Security code: 3407
Contact: Corporate Communications, Phone +81-3-3296-3008, Fax +81-3-3296-3162

February 5, 2013

Consolidated Results for 1st to 3rd Quarters Fiscal 2012: April 1, 2012 – December 31, 2012

(All figures in millions of yen, rounded to the nearest million, unless otherwise specified)

I. Summary of Consolidated Results

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

	Q1−Q3 2012	Q1−Q3 2011
Net sales	1,202,612 [+2.8%]	1,169,772 [+4.2%]
Operating income	62,515 [−28.2%]	87,102 [−7.9%]
Ordinary income	62,717 [−28.7%]	88,001 [−2.0%]
Net income	35,610 [−25.9%]	48,059 [−4.4%]
Net income per share*	25.48	34.38
Diluted net income per share*	—	—

* Yen

Note: Comprehensive income was ¥55,967 million during Q1−Q3 2012, and ¥45,569 million during Q1−Q3 2011.

2. Financial position

At end of	December 2012	March 2012
Total assets	1,737,917	1,410,568
Net assets	762,900	719,285
Net worth/total assets	43.2%	50.1%
Net worth per share*	537.03	505.72

* Yen

Notes:
- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of December 31, 2012, was ¥750,575 million; as of March 31, 2012, ¥706,846 million.

II. Cash Dividends

Fiscal year	Cash dividends per share*				
	Q1	Q2	Q3	Q4	Total annual
2011	—	7.00	—	7.00	14.00
2012	—	7.00	—		
2012 (forecast)				7.00	14.00

* Yen

Note: No revision of cash dividend forecast was made subsequent to the latest announced forecast.

III. Forecasts for Fiscal 2012 (April 1, 2012 – March 31, 2013)

1. Latest forecasts (percent change from results in year-ago period in brackets)

Net sales	1,669,000 [+6.1%]
Operating income	90,000 [−13.7%]
Ordinary income	88,000 [−18.2%]
Net income	50,000 [−10.3%]
Net income per share*	35.77

* Yen

2. Comparison of previous and revised fiscal 2012 forecasts

(billions of yen)

	Previous forecast	Revised forecast	Increase (decrease)	*cf.* fiscal 2011 results
Net sales	1,685.0	1,669.0	(16.0)	1,573.2
Operating income	96.0	90.0	(6.0)	104.3
Ordinary income	93.0	88.0	(5.0)	107.6
Net income	50.5	50.0	(0.5)	55.8

Notes:
- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2012 announced on November 1, 2012, has been revised.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period

   Addition of two new subsidiaries: ZOLL Medical Corporation and Asahi Kasei Holdings US, Inc.

2. Special accounting methods for preparation of the consolidated financial statements

   Income tax expenses: A reasonable estimate of the effective tax rate after applying tax-effect accounting for the current fiscal year is made, and quarterly income before income taxes is multiplied by the corresponding effective tax rate.

3. Changes in accounting policies, changes in accounting estimates, and retroactive restatement

   1) Change in accounting policy for naphtha resale transactions

   Asahi Kasei Chemicals Corp., a consolidated subsidiary of Asahi Kasei Corp., resells a portion of the naphtha it has originally purchased and subsequently purchases other naphtha for use, in order to improve raw material quality as well as save production costs. Through the third quarter of the fiscal year ended March 31, 2012, the naphtha resale amount was included in net sales, and the cost for purchased naphtha was included in cost of sales. During the fourth quarter of the fiscal year ended March 31, 2012, the Company changed its accounting policy for naphtha resale transactions to charging or crediting to cost of sales the net difference between sales and cost of sales for resold naphtha.

   This new accounting policy has also been applied to results for the first and second quarter of fiscal 2011 in the consolidated financial statements of this report. Results for the first to third quarters of fiscal 2011 shown herein therefore differ from those previously announced.

2) Change in accounting policy related to depreciation method

In accordance with an amendment to the Corporation Tax Act, Asahi Kasei Corp. and its consolidated subsidiaries located in Japan changed the method of depreciation of property, plant and equipment acquired on April 1, 2012, or later. This change took effect beginning with the first quarter of fiscal 2012. The impact of this change on operating income, ordinary income, and income before income taxes in the first to third quarters of fiscal 2012 is immaterial.

4. Number of shares outstanding

	Q1−Q3 2012	FY 2011
Number of shares outstanding at end of period	1,402,616,332	1,402,616,332
Number of shares of treasury stock at end of period	4,986,388	4,925,730
Average number of shares outstanding during period	1,397,663,351	1,397,926,305*

* Q1−Q3 2011

V. Overview of Consolidated Results

1. Consolidated group results

The global economy during the April–December period of 2012 continued to present a challenging operating climate with persistent sluggishness due to slowing growth in China and other emerging economies and the European sovereign debt crisis. Although underpinned by reconstruction demand following the Great East Japan Earthquake, the Japanese economy remained lethargic. However, new economic policies gave rise to guarded optimism for economic recovery with the yen value beginning to decline, stock prices beginning to rise, and housing starts increasing at the end of 2012.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) increased by ¥32.8 billion (2.8%) from a year ago to ¥1,202.6 billion, with strong performance in the Homes and Health Care segments as well as the addition of the Critical Care segment. Operating income, however, decreased by ¥24.6 billion (28.2%) to ¥62.5 billion with deteriorating market conditions in the Chemicals and Electronics segments. Ordinary income decreased by ¥25.3 billion (28.7%) to ¥62.7 billion. Net income decreased by ¥12.4 billion (25.9%) to ¥35.6 billion.

2. Results by operating segment

The Asahi Kasei Group’s operations are described by major business classification: seven reportable segments of Chemicals, Homes, Health Care, Fibers, Electronics, Construction Materials, and Critical Care, together with an “Others” category. Critical Care is a new segment added beginning with the first quarter of fiscal 2012, in which results of ZOLL Medical Corporation of the US and its subsidiaries, acquired on April 26, 2012, US Eastern time, are reported.

CHEMICALS

Sales decreased by ¥24.3 billion (4.6%) from a year ago to ¥501.4 billion, and operating income decreased by ¥25.9 billion (59.7%) to ¥17.4 billion.

In chemicals and derivative products operations, terms of trade deteriorated significantly as market prices for acrylonitrile and other monomers declined as demand stagnated in China and other countries due to an economic slowdown. In polymer products operations, synthetic rubber for fuel-efficient tires performed well, but polyethylene was affected by competition from imported products. In specialty products operations, coating materials and functional chemicals for pharmaceutical manufacture performed well.

HOMES

Sales increased by ¥21.4 billion (6.9%) from a year ago to ¥330.4 billion, and operating income increased by ¥3.0 billion (10.4%) to ¥31.8 billion. Orders for order-built homes increased by ¥26.0 billion (9.7%) to ¥295.5 billion.

In order-built homes operations, deliveries of both Hebel Haus™ unit homes and Hebel Maison™ apartment buildings increased. In real-estate operations, deliveries of condominiums increased, and rental management performed well. Remodeling operations performed well with solar panel installation and other renovation work.

HEALTH CARE

Sales increased by ¥10.2 billion (11.3%) from a year ago to ¥100.9 billion, and operating income increased by ¥5.1 billion (54.6%) to ¥14.5 billion.

Pharmaceuticals operations were impacted by reduced reimbursement prices, and R&D expenses increased, but solid sales growth continued for Teribone™ osteoporosis drug and Recomodulin™ recombinant thrombomodulin. Devices-related operations were impacted by the strong yen, but sales of polysulfone-membrane artificial kidneys and other blood purification products were firm.

FIBERS

Sales decreased by ¥2.0 billion (2.4%) from a year ago to ¥81.4 billion, but operating income increased by ¥0.3 billion (12.9%) to ¥3.0 billion.

Roica™ elastic polyurethane filament was impacted by decreased exports and the strong yen. Sales of Bemberg™ regenerated cellulose were strong in markets for outerwear and ethnic garments. Leona™ nylon 66 filament for airbag applications performed well, as did nonwoven products.

ELECTRONICS

Sales decreased by ¥13.0 billion (11.5%) from a year ago to ¥100.2 billion, and operating income decreased by ¥5.2 billion (78.4%) to ¥1.4 billion.

Shipments of mixed-signal LSIs for smartphones increased, but a general deterioration in market conditions across the electronics industry resulted in sluggish shipments and declining sales prices of other electronic devices and of electronic materials such as Hipore™ Li-ion battery separator.

CONSTRUCTION MATERIALS

Sales increased by ¥4.2 billion (11.9%) from a year ago to ¥39.2 billion, and operating income increased by ¥1.6 billion (91.3%) to ¥3.3 billion.

Sales of Hebel™ autoclaved aerated concrete panels remained strong. Shipments of insulation materials such as Neoma™ high-performance phenolic foam insulation panels increased. In foundation systems, new applications expanded smoothly for Eazet™ piling systems for small-scale construction. Structural materials also performed well.

CRITICAL CARE

Sales were ¥36.2 billion, and an operating loss of ¥2.3 billion was recorded.

Operating income from LifeVest™ wearable defibrillators increased steadily, while defibrillators for professional use and other products performed well. An operating loss resulted as an effect of amortization of goodwill and other intangible assets.

OTHERS

Sales increased by ¥0.2 billion (1.3%) from a year ago to ¥13.1 billion, but operating income decreased by ¥0.5 billion (22.0%) to ¥1.6 billion.

VI. Consolidated Financial Statements

1. Balance sheets

	At end of March 2012	At end of Dec. 2012
Assets		
Current assets		
Cash and deposits	102,875	101,145
Notes and accounts receivable—trade	266,056	292,436
Short-term investment securities	360	1,490
Merchandise and finished goods	138,133	142,750
Work in progress	87,450	115,064
Raw materials and supplies	53,623	61,708
Deferred tax assets	19,454	27,123
Other	54,835	73,890
Allowance for doubtful accounts	(1,017)	(1,836)
Total current assets	721,770	813,770
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	410,057	425,055
Accumulated depreciation	(235,060)	(240,855)
Buildings and structures, net	174,997	184,199
Machinery, equipment and vehicles	1,203,905	1,258,647
Accumulated depreciation	(1,075,668)	(1,108,926)
Machinery, equipment and vehicles, net	128,237	149,721
Land	55,667	55,899
Lease assets	11,694	14,083
Accumulated depreciation	(4,804)	(6,617)
Lease assets, net	6,890	7,466
Construction in progress	37,787	42,143
Other	122,426	128,088
Accumulated depreciation	(109,884)	(114,178)
Other, net	12,542	13,910
Subtotal	416,119	453,338
Intangible assets		
Goodwill	8,502	124,997
Other	36,687	109,102
Subtotal	45,189	234,099
Investments and other assets		
Investment securities	177,513	189,926
Long-term loans receivable	5,559	5,584
Deferred tax assets	18,965	16,396
Other	25,692	25,056
Allowance for doubtful accounts	(240)	(251)
Subtotal	227,489	236,710
Total noncurrent assets	688,798	924,147
Total assets	1,410,568	1,737,917

	At end of March 2012	At end of Dec. 2012
Liabilities		
Current liabilities		
Notes and accounts payable—trade	143,194	160,033
Short-term loans payable	74,490	132,240
Commercial paper	15,000	112,000
Current portion of bonds	—	5,000
Lease obligations	2,207	2,509
Accrued expenses	92,663	74,767
Income taxes payable	8,380	7,426
Advances received	49,950	68,352
Provision for periodic repairs	6,045	1,749
Provision for product warranties	2,151	2,084
Provision for removal cost of property, plant and equipment	1,818	1,255
Asset retirement obligations	460	893
Other	53,242	63,244
Total current liabilities	449,600	631,552
Noncurrent liabilities		
Bonds payable	25,000	40,000
Long-term loans payable	62,710	123,549
Lease obligations	4,707	4,605
Deferred tax liabilities	11,402	34,744
Provision for retirement benefits	106,277	107,797
Provision for directors' retirement benefits	806	713
Provision for periodic repairs	1,977	4,165
Provision for removal cost of property, plant and equipment	4,204	3,165
Asset retirement obligations	3,242	2,653
Long-term guarantee deposited	18,286	18,229
Other	3,072	3,845
Total noncurrent liabilities	241,683	343,465
Total liabilities	691,283	975,017
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,404	79,403
Retained earnings	516,401	535,456
Treasury stock	(2,388)	(2,414)
Total shareholders' equity	696,805	715,833
Accumulated other comprehensive income		
Net unrealized gain on other securities	40,148	42,354
Deferred gains or losses on hedges	(1,734)	(668)
Foreign currency translation adjustments	(28,374)	(6,945)
Total accumulated other comprehensive income	10,040	34,742
Minority interests	12,439	12,325
Total net assets	719,285	762,900
Total liabilities and net assets	1,410,568	1,737,917

2. Statements of income and statements of comprehensive income

(1) Statements of income

	Q1−Q3 2011	Q1−Q3 2012
Net sales	1,169,772	1,202,612
Cost of sales	867,687	893,171
Gross profit	302,085	309,442
Selling, general and administrative expenses	214,984	246,927
Operating income	87,102	62,515
Non−operating income		
Interest income	1,065	1,037
Dividends income	2,169	2,368
Equity in earnings of affiliates	954	—
Foreign exchange gains	—	1,568
Other	3,835	3,331
Total non-operating income	8,022	8,303
Non−operating expenses		
Interest expense	2,072	2,443
Equity in losses of affiliates	—	1,005
Foreign exchange loss	1,781	—
Other	3,270	4,653
Total non-operating expenses	7,123	8,101
Ordinary income	88,001	62,717
Extraordinary income		
Gain on sales of investment securities	98	66
Gain on sales of noncurrent assets	409	154
Gain on step acquisitions	2,277	—
Total extraordinary income	2,784	219
Extraordinary loss		
Loss on valuation of investment securities	3,606	32
Loss on disposal of noncurrent assets	2,237	2,560
Impairment loss	179	1,081
Loss on disaster	997	—
Business structure improvement expenses	648	4,146
Total extraordinary loss	7,667	7,818
Income before income taxes and minority interests	83,118	55,118
Income taxes	33,768	18,871
Income before minority interests	49,350	36,247
Minority interests in income	1,291	637
Net income	48,059	35,610

(2) Statements of comprehensive income

	Q1−Q3 2011	Q1−Q3 2012
Income before minority interests	49,350	36,247
Other comprehensive income		
Net increase or decrease in unrealized gain on other securities	4,759	2,187
Deferred gains or losses on hedges	126	1,018
Foreign currency translation adjustment	(5,932)	14,433
Share of other comprehensive income of affiliates accounted for using equity method	(2,734)	2,082
Total other comprehensive (loss) income	(3,781)	19,720
Comprehensive income	45,569	55,967
Comprehensive income attributable to:		
Owners of the parent	44,689	55,006
Minority interests	880	961

3. Statements of cash flows

	Q1−Q3 2011	Q1−Q3 2012
Cash flows from operating activities		
Income before income taxes and minority interests	83,118	55,118
Depreciation and amortization	57,906	58,184
Impairment loss	179	1,081
Amortization of goodwill	804	4,930
Amortization of negative goodwill	(173)	(201)
Increase (decrease) in provision for periodic repairs	1,383	(2,108)
Decrease in provision for product warranties	(345)	(217)
Decrease in provision for removal cost of property, plant and equipment	(2,287)	(1,602)
(Decrease) increase in provision for retirement benefits	(322)	1,523
Interest and dividend income	(3,233)	(3,405)
Interest expense	2,072	2,443
Equity in (earnings) loss of affiliates	(954)	1,005
Gain on sales of investment securities	(98)	(66)
Loss on valuation of investment securities	3,606	32
Gain on sales of property, plant and equipment	(409)	(154)
Loss on disposal of noncurrent assets	2,237	2,560
Gain on step acquisition	(2,277)	—
Decrease (increase) in notes and accounts receivable—trade	3,464	(11,180)
Increase in inventories	(42,429)	(34,045)
Increase in notes and accounts payable—trade	22,665	11,245
Decrease in accrued expenses	(14,187)	(23,106)
Increase in advances received	8,988	16,745
Other, net	10,223	(12,002)
Subtotal	129,930	66,780
Interest and dividend income, received	4,122	4,346
Interest expense paid	(2,157)	(2,440)
Income taxes paid	(46,287)	(20,413)
Net cash provided by operating activities	85,608	48,273
Cash flows from investing activities		
Payments into time deposits	(11,762)	(5,696)
Proceeds from withdrawal of time deposits	9,986	9,256
Purchase of property, plant and equipment	(43,431)	(64,115)
Proceeds from sales of property, plant and equipment	1,021	383
Purchase of intangible assets	(5,468)	(11,994)
Purchase of investment securities	(4,309)	(3,081)
Proceeds from sales of investment securities	483	571
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(7,080)	(174,432)
Additional purchase of investments in consolidated subsidiaries	—	(1,332)
Payments of loans receivable	(4,006)	(9,183)
Collection of loans receivable	3,739	6,944
Other, net	(1,234)	(1,574)
Net cash used in investing activities	(62,061)	(254,254)

	Q1−Q3 2011	Q1−Q3 2012
Cash flows from financing activities		
(Decrease) increase in short-term loans payable	(32,173)	34,938
Increase in commercial paper	21,000	97,000
Proceeds from long-term loans payable	1,355	88,117
Repayment of long-term loans payable	(19,630)	(8,340)
Proceeds from issuance of bonds	—	20,000
Repayments of lease obligations	(1,346)	(1,874)
Purchase of treasury stock	(281)	(32)
Proceeds from disposal of treasury stock	18	4
Cash dividends paid	(18,173)	(19,567)
Cash dividends paid to minority shareholders	(772)	(665)
Other, net	295	(110)
Net cash (used in) provided by financing activities	(49,707)	209,471
Effect of exchange rate change on cash and cash equivalents	(2,075)	(1,809)
Net (decrease) increase in cash and cash equivalents	(28,235)	1,681
Cash and cash equivalents at beginning of period	134,450	96,351
Increase in cash and cash equivalents resulting from changes of scope of consolidation	1,528	102
Effect of change in the reporting period of consolidated subsidiaries and affiliates	469	(5,327)
Cash and cash equivalents at end of period	108,212	92,808

VII. Additional Information

1. Consolidated net sales and operating income (loss) by segment

Note: Beginning with the first quarter of fiscal 2012, Critical Care is added as a new operating segment, in which results of ZOLL Medical Corporation of the US, acquired on April 26, 2012, US Eastern time, are reported.

1) Consolidated net sales by segment

(billions of yen)

	Q1−Q3 2011	Q1−Q3 2012	Increase (decrease)	Fiscal 2012 forecast
Chemicals*	525.7	501.4	(24.3)	689.0
Homes	309.0	330.4	21.4	486.0
Health Care	90.7	100.9	10.2	133.0
Fibers	83.4	81.4	(2.0)	109.0
Electronics	113.2	100.2	(13.0)	131.0
Construction Materials	35.0	39.2	4.2	52.0
Critical Care	—	36.2	36.2	51.0
Others	12.9	13.1	0.2	18.0
Total	1,169.8	1,202.6	32.8	1,669.0

* Q1−Q3 2011 sales in the Chemicals segment are ¥34.1 billion lower than previously reported due to a change in the accounting policy for naphtha resale.

2) Consolidated operating income (loss) by segment

(billions of yen)

	Q1–Q3 2011	Q1–Q3 2012	Increase (decrease)	Fiscal 2012 forecast
Chemicals	43.3	17.4	(25.9)	22.5
Homes	28.8	31.8	3.0	54.0
Health Care	9.4	14.5	5.1	16.0
Fibers	2.7	3.0	0.3	4.0
Electronics	6.6	1.4	(5.2)	1.5
Construction Materials	1.7	3.3	1.6	4.0
Critical Care	—	(2.3)	(2.3)	(3.5)
Others	2.1	1.6	(0.5)	2.0
Combined	94.5	70.7	(23.8)	100.5
Corporate expenses and eliminations	(7.4)	(8.2)	(0.8)	(10.5)
Consolidated	87.1	62.5	(24.6)	90.0

2. Operating income increases/decreases by segment

(billions of yen)

	Increase (decrease) due to:				
	Sales volume	Sales prices [*of which, due to foreign exchange*]		Operating costs and others	Net increase (decrease)
Chemicals	(4.0)	(14.0)	*0.8*	(7.9)	(25.9)
Homes	5.5	0.1	—	(2.6)	3.0
Health Care	12.6	(3.4)	*(0.6)*	(4.1)	5.1
Fibers	(0.3)	(0.8)	*(0.5)*	1.5	0.3
Electronics	(2.6)	(5.7)	*0.2*	3.1	(5.2)
Construction Materials	0.5	0.3	—	0.7	1.6
Critical Care	—	—	—	(2.3)	(2.3)
Others	(0.3)	—	—	(0.1)	(0.5)
Subtotal	11.4	(23.4)	*(0.0)*	(11.8)	(23.8)
Corporate expenses and eliminations	—	—	—	(0.8)	(0.8)
Consolidated	11.4	(23.4)	*(0.0)*	(12.6)	(24.6)

3. Major financial metrics (consolidated)

(billions of yen, except employees and D/E ratio)

	Q1–Q3 2011	Q1–Q3 2012	Fiscal 2012 Forecast
Capital expenditure (tangible)	49.3	70.6	104.0
Capital expenditure (intangible)	5.4	12.2	25.0
Depreciation and amortization*	57.9	58.2	82.0
Balance of payments	1.1	0.9	0.6
of which, dividends received	*2.2*	*2.4*	*2.5*
R&D expenses	48.1	52.6	73.0
Employees at end of period	25,477	28,435	
D/E ratio	0.33	0.56	

* Excluding amortization of goodwill.

4. Contract trends for home construction operations

	Q1−Q3 2011	Q1−Q3 2012	Increase (decrease)	Fiscal 2012 forecast
No. of orders received (home units)	11,705	12,994	1,289	17,750
Value of orders received (¥ billion)	269.4	295.5	26.0	403.1
Backlog of orders (¥ billion)	400.3	447.6	47.3	437.8
No. of sales (home units)	9,183	9,673	490	15,230
Value of sales (¥ billion)	228.7	239.7	11.0	357.0

5. Key operating factors

		Q1−Q3 2011	Q1−Q3 2012	Increase (decrease)	Fiscal 2012 forecast
Naphtha price (yen/kL, domestic)		55,200	55,400	200	56,850
Exchange rates (market average)	Yen/US$	79	80	1	82
	Yen/€	111	102	(8)	106

6. Interest-bearing debt (consolidated)

(billions of yen)

	At end of March 2012	At end of Dec. 2012	Increase (decrease)
Short-term loans payable	74.5	132.2	57.7
Commercial paper	15.0	112.0	97.0
Current portion of bonds	—	5.0	5.0
Long-term loans payable	62.7	123.5	60.8
Bonds payable	25.0	40.0	15.0
Lease obligations	6.9	7.1	0.2
Total	184.1	419.9	235.8