

Fiscal quarter ended June 2016

– supplementary financial summary –

August 2, 2016

Asahi Kasei Corporation

Consolidated results for fiscal quarter ended June 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 fiscal quarter ended June 2016

Summary of financial results¹

(¥ billion, unless otherwise specified)

	Q1 2015	H1 2015	Q1 2016	H1 2016 forecast in May	Q1 2016 vs. Q1 2015	
					Increase (decrease)	% change
Net sales	462.4	957.4	425.8	922.0	(36.5)	-7.9%
Operating income	35.5	84.4	29.9	63.0	(5.7)	-15.9%
Ordinary income	36.5	81.4	28.3	62.0	(8.2)	-22.5%
Net income attributable to owners of the parent	20.7	47.2	24.1	40.0	3.4	+16.4%

Key operating factors

Naphtha price (¥/kL, domestic)	48,800	48,000	31,600	36,000
¥/US\$ exchange rate (market average)	121	122	108	110

Financial position

	At end of March 2016	At end of June 2016	Increase (decrease)
Total assets	2,211.7	2,106.1	(105.6)
Equity	1,041.9	985.0	(56.9)
Interest-bearing debt	449.7	438.1	(11.6)
D/E ratio	0.43	0.44	0.01

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

Statements of income

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(¥ billion)

	Q1 2015		Q1 2016		Increase (decrease)	% change
		% of sales		% of sales		
Net sales	462.4	100.0%	425.8	100.0%	(36.5)	-7.9%
Cost of sales	327.1	70.7%	291.3	68.4%	(35.8)	-11.0%
Gross profit	135.3	29.3%	134.6	31.6%	(0.7)	-0.5%
Selling, general and administrative expenses	99.7	21.6%	104.7	24.6%	5.0	+5.0%
Operating income	35.5	7.7%	29.9	7.0%	(5.7)	-15.9%
Net non-operating income (expenses)	0.9		(1.6)		(2.5)	
of which,						
net financing income (expense)	1.4		1.3		(0.1)	
net equity in earnings (losses) of affiliates	(0.3)		(0.1)		0.1	
foreign exchange gains (loss)	0.5		(2.5)		(3.0)	
Ordinary income	36.5	7.9%	28.3	6.6%	(8.2)	-22.5%
Net extraordinary income (loss)	(3.5)		2.1		5.6	
Income before income taxes	32.9	7.1%	30.4	7.1%	(2.6)	-7.9%
Income taxes	(12.1)		(5.9)		6.2	
Net income attributable to non-controlling interests	(0.2)		(0.4)		(0.2)	
Net income attributable to owners of the parent	20.7	4.5%	24.1	5.7%	3.4	+16.4%

Balance sheets

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(¥ billion)

	At end of Mar. 2016	At end of Jun. 2016	Increase (decrease)		At end of Mar. 2016	At end of Jun. 2016	Increase (decrease)
Current assets	856.0	821.8	(34.2)	Liabilities	1,154.3	1,106.3	(48.0)
Cash and deposits	146.1	136.2	(9.9)	Current liabilities	725.7	586.5	(139.2)
Notes and accounts receivable-trade	280.1	262.0	(18.1)	Noncurrent liabilities	428.7	519.9	91.2
Inventories	336.7	340.5	3.8	Net assets	1,057.4	999.8	(57.6)
Other current assets	93.1	83.2	(9.9)	Shareholders' equity	942.7	953.0	10.3
Noncurrent assets	1,355.7	1,284.3	(71.5)	Capital stock	103.4	103.4	-
Property, plant and equipment	556.0	541.3	(14.7)	Capital surplus	79.4	79.4	0.0
Intangible assets	494.6	448.1	(46.5)	Retained earnings	763.1	773.3	10.3
Investments and other assets	305.1	294.9	(10.3)	Treasury stock	(3.2)	(3.2)	(0.0)
				Accumulated other comprehensive income	99.2	32.0	(67.2)
				Non-controlling interests	15.5	14.8	(0.7)
Total assets	2,211.7	2,106.1	(105.6)	Total liabilities and net assets	2,211.7	2,106.1	(105.6)

Cash flows

(¥ billion)

	Q1 2015	Q1 2016
a. Net cash provided by (used in) operating activities	34.8	33.5
b. Net cash used in investing activities	(15.1)	(22.6)
c. Free cash flows [a+b]	19.6	10.8
d. Net cash provided by (used in) financing activities	(3.3)	(10.8)
e. Effect of exchange rate change on cash and cash equivalents	1.2	(9.9)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	17.5	(9.9)
g. Cash and cash equivalents at beginning of period	112.3	145.3
h. Increase in cash and cash equivalents resulting from changes in scope of consolidation	6.3	0.3
i. Cash and cash equivalents at end of period [f+g+h]	136.1	135.7

Sales and operating income by segment¹ **AsahiKASEI**

(¥ billion)

	Sales			Operating income		
	Q1 2015	Q1 2016	Increase (decrease)	Q1 2015	Q1 2016	Increase (decrease)
Material ²	264.5	228.9	(35.7)	23.4	17.3	(6.1)
Homes	122.1	126.1	4.0	6.8	8.5	1.8
Health Care	71.3	66.7	(4.5)	10.7	9.6	(1.1)
Others	4.4	4.1	(0.3)	0.4	0.7	0.3
Corporate expenses and eliminations	–	–	–	(5.7)	(6.3)	(0.5)
Consolidated	462.4	425.8	(36.5)	35.5	29.9	(5.7)

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. 32 “Revised segments and business categories.”

² 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 and operating income by business category^{1, 2} **AsahiKASEI**

(¥ billion)

	Sales			Operating income		
	Q1 2015	Q1 2016	Increase (decrease)	Q1 2015	Q1 2016	Increase (decrease)
Fibers	33.0	30.9	(2.1)	4.0	3.3	(0.7)
Chemicals	206.9	165.8	(41.1)	15.4	14.2	(1.2)
Electronics ³	24.7	32.2	7.6	4.3	(0.1)	(4.4)
Homes	109.9	115.7	5.8	6.1	7.8	1.7
Construction Materials	12.2	10.3	(1.9)	1.2	0.9	(0.4)
Health Care	38.5	34.5	(4.0)	9.3	6.8	(2.5)
Critical Care	32.7	32.2	(0.5)	1.5	2.8	1.4
Others	4.4	4.1	(0.3)	0.4	0.7	0.3
Corporate expenses and eliminations	–	–	–	(6.5)	(6.4)	0.1
Consolidated	462.4	425.8	(36.5)	35.5	29.9	(5.7)

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

² Beginning with FY 2016, 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. Refer to p. 32 "Revised segments and business categories."

³ 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 category^{1, 2} (i)

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(¥ billion)

		Q1 2015	Q1 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	33.0	30.9	(2.1)	0.3	(1.4)	(0.4)	(1.0)	–
	Operating income	4.0	3.3	(0.7)	0.0			–	0.7
Chemicals	Sales	206.9	165.8	(41.1)	(9.6)	(21.4)	(5.8)	(10.2)	–
	Operating income	15.4	14.2	(1.2)	(1.8)			–	21.9
Electronics ³	Sales	24.7	32.2	7.6	10.0	(2.1)	(1.4)	(0.4)	–
	Operating income	4.3	(0.1)	(4.4)	1.5			–	(3.9)
Homes	Sales	109.9	115.7	5.8	7.7	1.4	–	(3.3)	–
	Operating income	6.1	7.8	1.7	0.7			–	(0.4)
Construction Materials	Sales	12.2	10.3	(1.9)	(1.8)	(0.0)	–	–	–
	Operating income	1.2	0.9	(0.4)	(0.6)			–	0.3

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

² Beginning with FY 2016, 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. Refer to p. 32 “Revised segments and business categories.”

³ 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 category^{1, 2} (ii)

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(¥ billion)

		Q1 2015	Q1 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	38.5	34.5	(4.0)	(1.1)	(2.9)	(0.9)	–	–
	Operating income	9.3	6.8	(2.5)	(0.6)			–	1.0
Critical Care	Sales	32.7	32.2	(0.5)	2.7	0.3	0.1	(3.5)	–
	Operating income	1.5	2.8	1.4	2.1			–	(1.0)
Others	Sales	4.4	4.1	(0.3)	(0.3)	–	–	–	–
	Operating income	0.4	0.7	0.3	0.1			–	0.2
Corporate expenses and eliminations	Operating loss	(6.5)	(6.4)	0.1	–	–	–	–	0.1
Consolidated	Sales	462.4	425.8	(36.5)	7.9	(26.0)	(8.4)	(18.4)	–
	Operating income	35.5	29.9	(5.7)	1.5			–	18.9

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

² Beginning with FY 2016, 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. Refer to p. 32 "Revised segments and business categories."

Forecast for first half fiscal 2016

Consolidated operating performance forecast¹

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(¥ billion, unless otherwise specified)

	FY 2015			H1 2016 forecast			Increase (decrease) b-a	H1 2016 forecast in May c	Increase (decrease) b-c
	H1 a	H2	Total	Q1	Q2 forecast	Total b			
Net sales	957.4	983.5	1,940.9	425.8	484.2	910.0	(47.4)	922.0	(12.0)
Operating income	84.4	80.8	165.2	29.9	33.1	63.0	(21.4)	63.0	-
Ordinary income	81.4	79.9	161.4	28.3	32.7	61.0	(20.4)	62.0	(1.0)
Net income attributable to owners of the parent	47.2	44.6	91.8	24.1	20.9	45.0	(2.2)	40.0	5.0

Key operating factors

Naphtha price (¥/kL, domestic)	48,000	37,600	42,800	31,600	33,000	32,300	(15,700)	36,000	(3,700)
¥/US\$ exchange rate (market average)	122	118	120	108	105	107	(15)	110	(3)

	FY 2015	H1 2016 (planned)
Dividends per share	¥20	¥10

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

Sales forecast by business category¹

(¥ billion)

	FY 2015			FY 2016			Increase (decrease) b-a	H1 2016 forecast in May c	Increase (decrease) b-c	Increase (decrease) from Q1 to Q2 2016 forecast
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 forecast b				
Fibers	33.0	33.8	66.8	30.9	33.1	64.0	(2.8)	63.0	1.0	2.2
Chemicals	206.9	194.5	401.3	165.8	172.2	338.0	(63.3)	350.0	(12.0)	6.5
Electronics ²	24.7	28.8	53.4	32.2	35.8	68.0	14.6	67.0	1.0	3.5
Homes	109.9	148.1	258.0	115.7	153.3	269.0	11.0	269.0	–	37.6
Construction Materials	12.2	13.4	25.6	10.3	12.7	23.0	(2.6)	25.0	(2.0)	2.3
Health Care	38.5	37.0	75.6	34.5	34.5	69.0	(6.6)	67.0	2.0	(0.1)
Critical Care	32.7	35.0	67.7	32.2	34.8	67.0	(0.7)	69.0	(2.0)	2.6
Others	4.4	4.5	8.9	4.1	7.9	12.0	3.1	12.0	–	3.7
Consolidated	462.4	495.1	957.4	425.8	484.2	910.0	(47.4)	922.0	(12.0)	58.3

¹ Beginning with FY 2016, 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. Refer to p. 32 “Revised segments and business categories.”

² 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 category^{1, 2}

(¥ billion)

	FY 2015			FY 2016			Increase (decrease) b-a	H1 2016 forecast in May c	Increase (decrease) b-c	Increase (decrease) from Q1 to Q2 2016 forecast
	Q1	Q2	H1 a	Q1	Q2 forecast	H1 forecast b				
Fibers	4.0	3.3	7.4	3.3	2.7	6.0	(1.4)	6.5	(0.5)	(0.6)
Chemicals	15.4	19.1	34.5	14.2	14.3	28.5	(6.0)	27.5	1.0	0.2
Electronics ³	4.3	2.1	6.4	(0.1)	(0.9)	(1.0)	(7.4)	(2.0)	1.0	(0.7)
Homes	6.1	18.4	24.4	7.8	15.7	23.5	(0.9)	24.5	(1.0)	7.9
Construction Materials	1.2	1.9	3.1	0.9	0.6	1.5	(1.6)	2.0	(0.5)	(0.2)
Health Care	9.3	6.7	15.9	6.8	3.2	10.0	(5.9)	8.5	1.5	(3.5)
Critical Care	1.5	3.3	4.8	2.8	3.7	6.5	1.7	5.0	1.5	0.8
Others	0.4	1.9	2.2	0.7	1.3	2.0	(0.2)	2.0	–	0.6
Corporate expenses and eliminations	(6.5)	(7.7)	(14.2)	(6.4)	(7.6)	(14.0)	0.2	(11.0)	(3.0)	(1.2)
Consolidated	35.5	48.9	84.4	29.9	33.1	63.0	(21.4)	63.0	–	3.2

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

² Beginning with FY 2016, 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. Refer to p. 32 "Revised segments and business categories."

³ 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 forecast by segment¹

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Sales forecast

(¥ billion)

	FY 2015		FY 2016		Increase (decrease) c-a	Increase (decrease) d-b
	Q1 a	H1 b	Q1 c	H1 forecast d		
Material ²	264.5	521.6	228.9	470.0	(35.7)	(51.6)
Homes	122.1	283.6	126.1	292.0	4.0	8.4
Health Care	71.3	143.3	66.7	136.0	(4.5)	(7.3)
Others	4.4	8.9	4.1	12.0	(0.3)	3.1
Consolidated	462.4	957.4	425.8	910.0	(36.5)	(47.4)

Operating income forecast

(¥ billion)

	FY 2015		FY 2016		Increase (decrease) c-a	Increase (decrease) d-b
	Q1 a	H1 b	Q1 c	H1 forecast d		
Material ²	23.4	48.0	17.3	33.5	(6.1)	(14.5)
Homes	6.8	27.0	8.5	25.0	1.8	(2.0)
Health Care	10.7	20.7	9.6	16.5	(1.1)	(4.2)
Others	0.4	2.2	0.7	2.0	0.3	(0.2)
Corporate expenses and eliminations	(5.7)	(13.5)	(6.3)	(14.0)	(0.5)	(0.5)
Consolidated	35.5	84.4	29.9	63.0	(5.7)	(21.4)

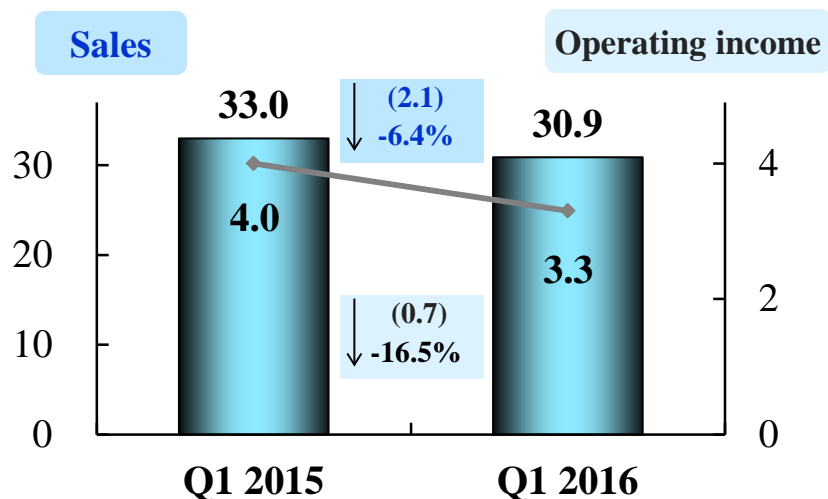
¹ Beginning with FY 2016, the former Chemicals & Fibers segment and the former Electronics segment are combined as a Material segment, and the former Homes & Construction Materials segment is renamed as a Homes segment; the Health Care segment remains unchanged. As a result, the former 4 segments are revised into the 3 segments of Material, Homes, and Health Care. Refer to p. 32 "Revised segments and business categories."

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

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Appendix

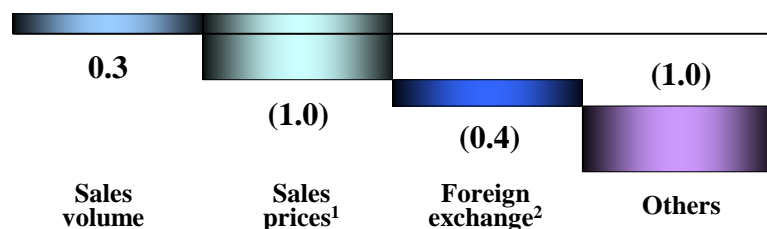
(¥ billion)



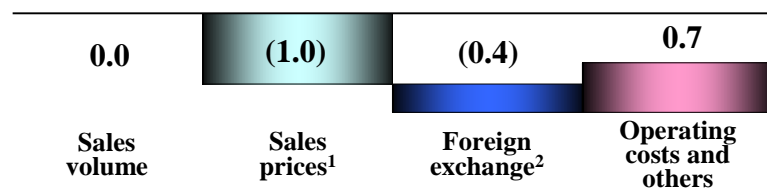
Review of operations

Increased shipments of Lamous artificial suede for automotive upholstery. Decreased price of each product due to impact of the stronger yen and lower feedstock costs. Sales and operating income decrease.

Sales increases/decreases due to:

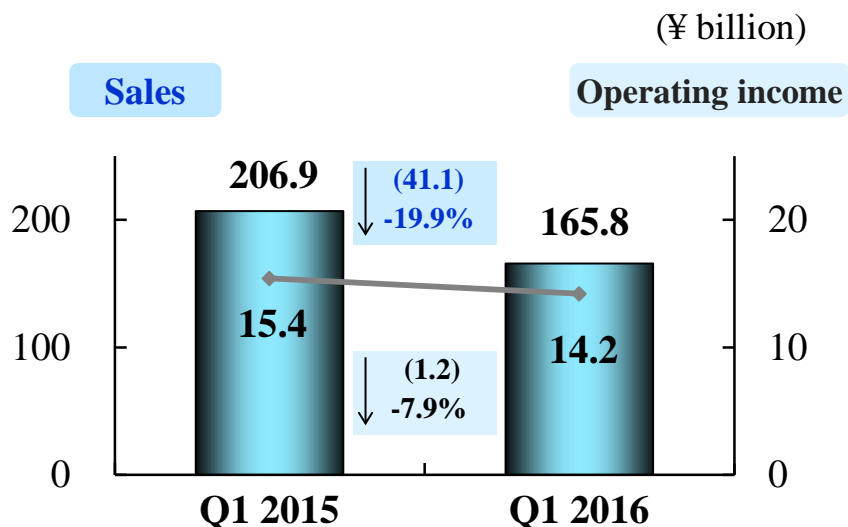


Operating income increases/decreases due to:

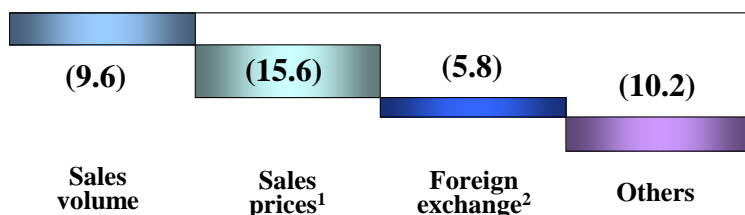


¹ Increase (decrease) in sales prices excluding impact of foreign exchange.

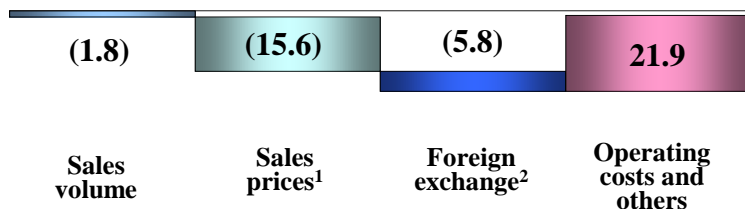
² Impact of foreign exchange on sales prices.



Sales increases/decreases due to:



Operating income increases/decreases due to:



Review of operations

Petrochemicals:

Reduced feedstock costs for each product with lower oil and naphtha prices. Decreased shipments of styrene. Sales and operating income decrease.

Performance polymers:

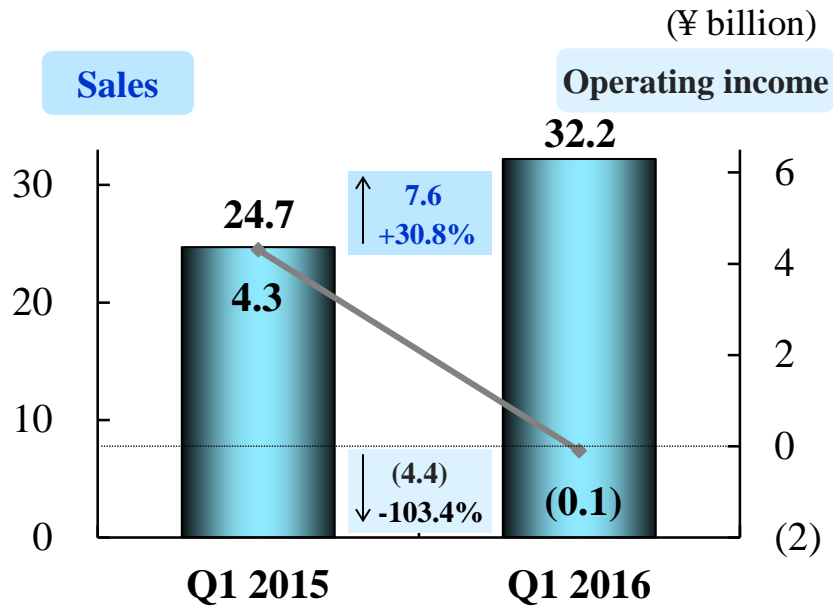
Impact of the stronger yen for each product. Increased shipments of synthetic rubber for fuel-efficient tires. Sales decrease, and operating income flat.

Performance materials and consumables:

Impact of the stronger yen for each product. Firm sales of electronic materials, Ceolus micro-crystalline cellulose, and coating materials such as Duranate hexamethylene diisocyanate (HDI)-based polyisocyanate. Increased shipments of Saran Wrap cling film. Sales flat, and operating income increase.

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 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.

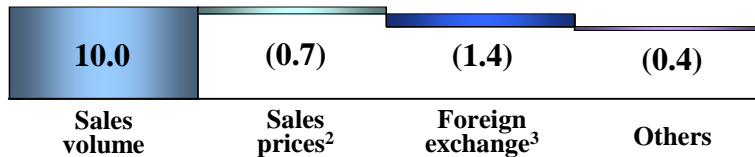
Electronic devices:

Impact of the stronger yen. Decreased shipments of devices for smartphones, such as electronic compasses and devices for camera modules. Sales and operating income decrease.

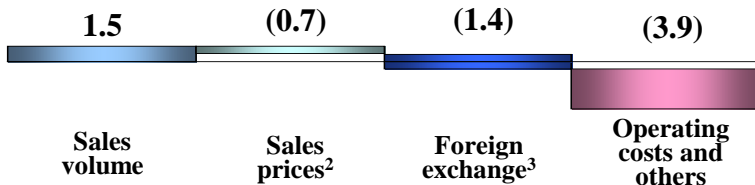
Highlights

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

Sales increases/decreases due to:



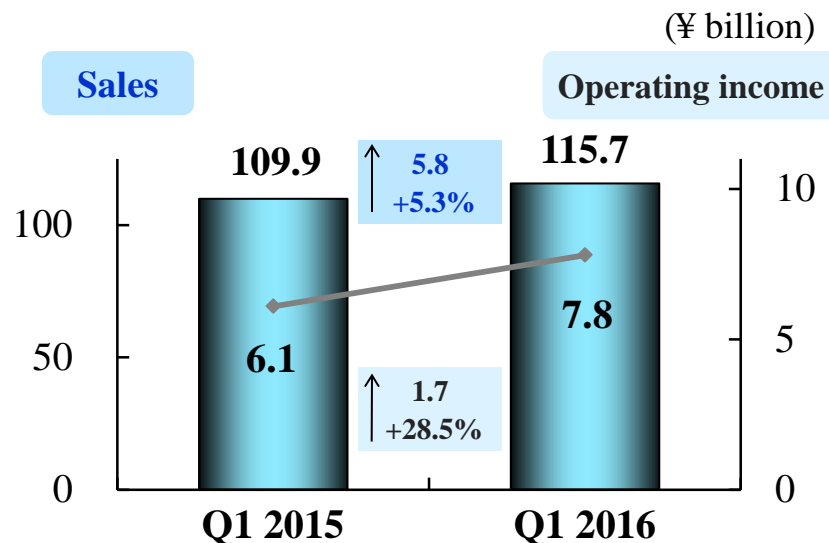
Operating income increases/decreases due to:



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

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

³ Impact of foreign exchange on sales prices.



Review of operations

Order-built homes:

- Increased deliveries of both Hebel Haus unit homes and Hebel Maison apartment buildings. Sales and operating income increase.
- 9.7% 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 such as labor costs in remodeling. Firm performance of rental management in real estate. Sales and operating income increase.

Results by product category

(¥ billion)

	Q1 2015		Q1 2016		Increase (decrease)	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Order-built homes, etc. (Asahi Kasei Homes)	70.6	2.5	75.8	3.7	5.2	1.1
Real estate (Asahi Kasei Realty & Residence)	26.0	3.5	26.9	4.1	0.8	0.6
Remodeling (Asahi Kasei Reform)	12.9		12.6		(0.3)	
Other housing-related, etc.	0.4		0.5		0.1	
Total	109.9	6.1	115.7	7.8	5.8	1.7

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.

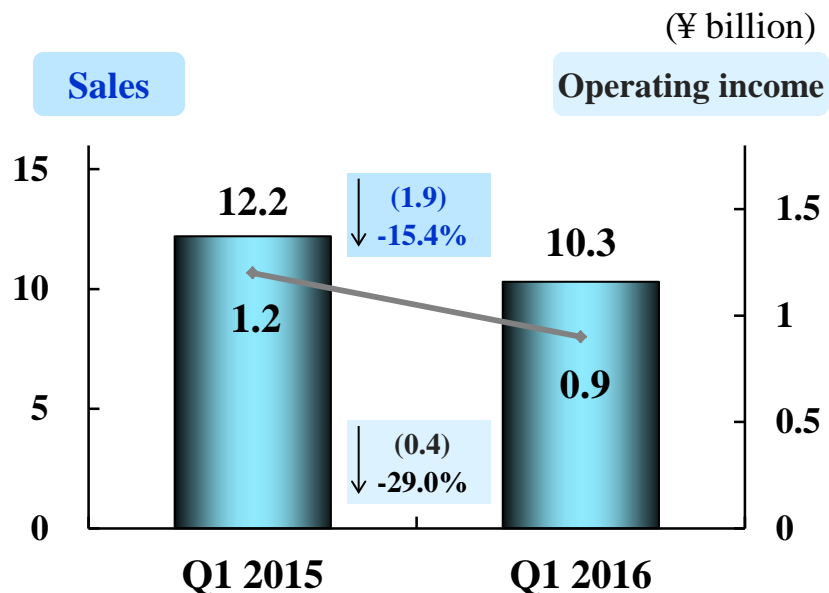
Homes – sales and order trends

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(¥ 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	Q1	106.8 (+7.7%)	70.6 (-8.6%)	8.8	16.6	0.7	26.0	12.9	0.4	109.9 (+4.1%)	553.5
	Q2	110.4 (-6.7%)	113.2 (+2.2%)	1.6	17.0	1.0	19.6	14.9	0.5	148.1 (-1.6%)	554.6
	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%)	
	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 forecast	122.9 (+11.3%)	108.7 (-4.0%)	6.9	20.8	0.7	28.4	15.9	0.3	153.3 (+3.5%)	551.1
	H1 forecast	219.4 (+1.0%)	184.5 (+0.4%)	12.6	41.1	1.5	55.2	28.4	0.8	269.0 (+4.3%)	

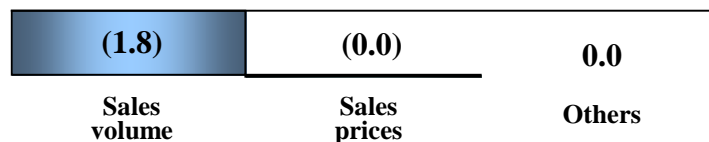
¹ As the rental management operation of Asahi Kasei Homes was transferred to Asahi Kasei Realty & Residence, the corresponding sales previously included in order-built homes, etc., are combined with rental housing under real estate beginning with H2 2015.



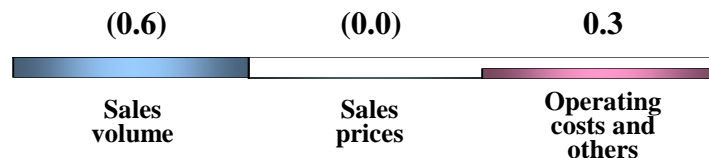
Review of operations

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

Sales increases/decreases due to:

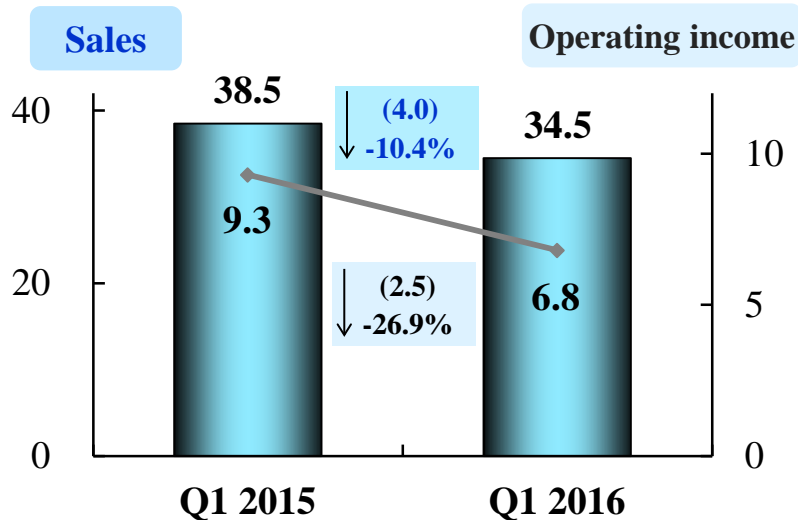


Operating income increases/decreases due to:



(¥ billion)

Review of operations



Pharmaceuticals:

Increased shipments of Teribone osteoporosis drug and Recomedulin 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.

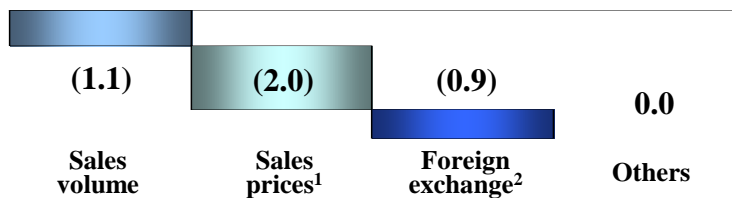
Devices:

Impact of the stronger yen. Reduced reimbursement prices for dialysis products in Japan. Increased shipments of Planova virus removal filters. Sales flat, and operating income increase.

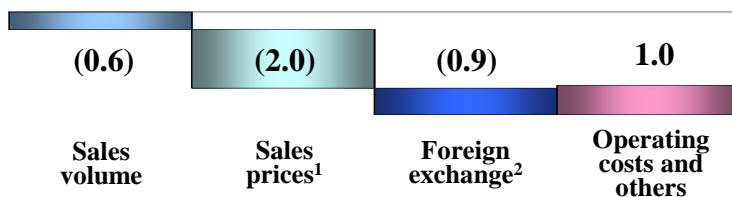
Highlights

- June, agreement with Orion Corporation of Finland on global strategic collaboration for the discovery, development, and commercialization of new pain management therapies.
- July, application to extend duration of treatment for Teribone 56.5 µg subcutaneous injection.

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.

Health Care business category sales

(¥ billion)

		FY 2015		FY 2016
		Q1	H1	Q1
	Domestic pharmaceuticals	19.7	37.6	16.0
	Others	1.4	2.8	1.3
Asahi Kasei Pharma consolidated		21.1	40.4	17.3
Devices ¹		17.4	35.2	17.2
Total		38.5	75.6	34.5

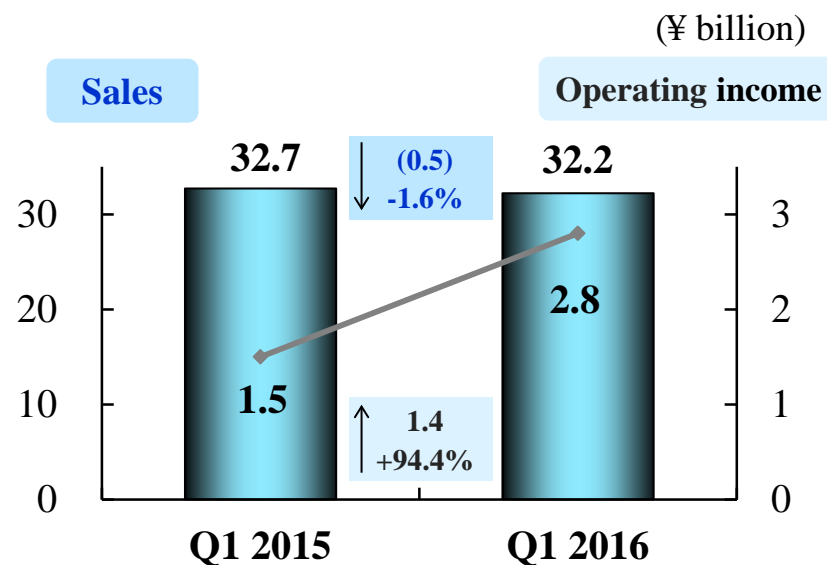
¹ Asahi Kasei Medical and affiliated companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2015		FY 2016
	Q1	H1	Q1
Teribone	7.0	13.9	6.0
Recomodulin	2.9	6.2	3.0
Flivas	3.3	5.6	1.7
Elcitonin	1.4	2.7	1.2
Bredinin	1.4	2.7	1.2

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Pending approval	AK156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Osteoporosis drug, bisphosphonate	Osteoporosis	Licensed
	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 operations. 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. In US dollar-basis, sales and operating income increase, but in Japanese yen-basis, sales decrease.

Financial performance of Critical Care

(\$ million)

	FY2015				FY 2016		Q1 2016 vs. Q1 2015 increase (decrease) b-a
	Q1 a	H1	H2	Total	H1		
					Q1 b	forecast	
Net sales	270	556	613	1,169	297	616	28
Gross operating income before PPA ¹ impact	43	101	122	223	56	120	14
Amortization/depreciation from PPA ¹ revaluation	(31)	(61)	(62)	(123)	(30)	(61)	0
Goodwill	(18)	(37)	(38)	(75)	(19)	(37)	(0)
Other intangible assets, etc.	(12)	(24)	(24)	(49)	(12)	(24)	0
Consolidated operating income	12	39	60	99	26	59	14

¹ Purchase price allocation.

Extraordinary income and loss

(¥ billion)

	Q1 2015	Q1 2016	Increase (decrease)
Gain on sales of investment securities	–	3.9	3.9
Gain on sales of noncurrent assets	0.0	0.0	(0.0)
Total extraordinary income	0.0	3.9	3.9
Loss on disposal of noncurrent assets	0.5	0.7	0.2
Impairment losses	0.1	0.0	(0.1)
Business structure improvement expenses	0.2	0.5	0.3
Provision for loss on litigation	2.8	–	(2.8)
Business integration expense	–	0.6	0.6
Total extraordinary loss	3.6	1.8	(1.7)
Net extraordinary income (loss)	(3.5)	2.1	5.6

Statements of comprehensive income

Asahi**KASEI**

	Q1 2015	Q1 2016	(¥ billion)
			Increase (decrease)
a: Net income	20.9	24.5	3.6
Net increase (decrease) in unrealized gain on other securities	3.6	(12.6)	(16.2)
Deferred gains or losses on hedges	1.6	(0.2)	(1.8)
Foreign currency translation adjustment	6.6	(55.8)	(62.3)
Remeasurements of defined benefit plans	0.6	2.5	2.0
Share of other comprehensive income of affiliates accounted for using equity method	(0.2)	(1.8)	(1.6)
b: Other comprehensive income	12.1	(67.8)	(79.9)
Comprehensive income [a+b]	33.0	(43.3)	(76.4)
Comprehensive income attributable to owners of the parent	32.8	(43.1)	(75.9)
Comprehensive income attributable to non-controlling interests	0.2	(0.3)	(0.5)

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.