

Fiscal 2012 2nd Quarter Financial Results

– supplementary financial summary –

November 1, 2012
Asahi Kasei Corporation

Consolidated results for 1st half fiscal year 2012

Summary of financial results	4–5
Statements of income	6
Financial activity	7
Extraordinary income and loss	8
Balance sheets	9
Cash flows and primary investments	10
Sales and operating income by segment	11–14

Forecast for fiscal year 2012

Consolidated operating performance	16
Forecast by segment	17–18

Appendix

Quarterly performance by segment	20–21
Overview of results by segment	22–34
Primary investments by segment	35
Major investments	36
Statements of comprehensive income	37

Consolidated results for 1st half fiscal year 2012

Summary of financial results (i)

(¥ billion)

	H1 2011	H1 2012		H1 2012 vs. H1 2011		Result vs. forecast in Aug.	
		Result	Forecast in Aug.	Increase (decrease)	% change	Increase (decrease)	% change
Net sales ¹	784.4	787.5	794.0	3.1	+0.4%	(6.5)	-0.8%
<i>of which, overseas sales</i>	227.8	230.3	—	2.5	+1.1%	—	—
Operating income	63.8	38.3	35.5	(25.5)	-39.9%	2.8	+7.9%
Ordinary income	62.1	35.9	32.5	(26.3)	-42.3%	3.4	+10.4%
Net income	38.2	20.6	18.5	(17.6)	-46.1%	2.1	+11.4%

¹ The accounting policy for naphtha resale was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

At closing	Mar. 2012	Sep. 2012	Increase (decrease)
Total assets	1,410.6	1,692.4	281.8
Equity	706.8	707.3	0.5
Interest-bearing debt	184.1	416.9	232.8
Debt/equity ratio	0.26	0.59	0.33

Summary of financial results (ii)

	H1 2011	H1 2012
Dividends per share	¥7	¥7
Net income per share (EPS)	¥27.33	¥14.75
Net worth per share (BPS)	¥497.50	¥506.09

Scope of consolidation

Number of consolidated subsidiaries	103	124
Number of affiliates for which the equity method is applied	48	45

Key operating factors

Naphtha price (¥/kL, domestic)	56,950	55,200
¥/US\$ exchange rate (market average)	80	79
Employees at end of period	25,283	28,433

Statements of income

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(¥ billion)

	H1 2011		H1 2012		Increase (decrease)	% change
		% of sales		% of sales		
Net sales ¹	784.4	100.0%	787.5	100.0%	3.1	+0.4%
Cost of sales ¹	578.2	73.7%	585.2	74.3%	7.0	+1.2%
Gross profit	206.3	26.3%	202.3	25.7%	(4.0)	-1.9%
Selling, general and administrative expenses	142.5	18.2%	164.0	20.8%	21.5	+15.1%
Operating income	63.8	8.1%	38.3	4.9%	(25.5)	-39.9%
Net non-operating income (expenses)	(1.6)		(2.4)		(0.8)	
of which,						
net financing income (expense)	0.7		0.7		0.0	
net equity in earnings (losses) of affiliates	0.9		0.0		(0.9)	
foreign exchange loss	(2.5)		(1.7)		0.8	
Ordinary income	62.1	7.9%	35.9	4.6%	(26.3)	-42.3%
Net extraordinary income (loss)	(3.1)		(3.1)		(0.0)	
Income before income taxes and minority interests	59.1	7.5%	32.8	4.2%	(26.3)	-44.5%
Income taxes	(20.0)		(11.8)		8.3	
Minority interests in income	(0.8)		(0.4)		0.4	
Net income	38.2	4.9%	20.6	2.6%	(17.6)	-46.1%

¹ The accounting policy for naphtha resale was changed in Q4 2011 to exclude the naphtha resale amount from net sales and cost of sales respectively, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

Financing activity

Financing income and expenses

(¥ billion)

	H1 2011	H1 2012
Interest expenses	(1.4)	(1.6)
Interest income	0.7	0.8
Dividends income	1.5	1.6
Others	(0.0)	(0.0)
Net	0.7	0.7

Increase (decrease)
(0.1)
0.1
0.1
(0.0)
0.0

Interest-bearing debt

(¥ billion)

At end of	Sep. 2011	Mar. 2012	Sep. 2012
Short-term loans payable	64.5	74.5	110.5
Commercial paper	14.0	15.0	117.0
Long-term loans payable	85.3	62.7	137.0
Bonds payable	25.0	25.0	45.0
Lease obligations	5.7	6.9	7.3
Total	194.5	184.1	416.9

Mar.–Sep. 12 increase (decrease)
36.1
102.0
74.3
20.0
0.4
232.8

Extraordinary income and loss

(¥ billion)

	H1 2011	H1 2012	Increase (decrease)
Extraordinary income			
Gain on sales of investment securities	0.1	–	(0.1)
Gain on sales of property, plant and equipment	0.3	0.0	(0.3)
Total extraordinary income	0.4	0.0	(0.4)
Extraordinary loss			
Loss on valuation of investment securities	0.5	0.1	(0.4)
Loss on disposal of noncurrent assets	1.4	1.6	0.2
Impairment loss	0.2	0.5	0.4
Loss on disaster	0.9	–	(0.9)
Business structure improvement expenses	0.6	1.0	0.3
Total extraordinary loss	3.5	3.1	(0.4)
Net extraordinary income (loss)	(3.1)	(3.1)	(0.0)

Balance sheets¹

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(¥ billion)

	At end of Mar. 2012	At end of Sep. 2012	Increase (decrease)		At end of Mar. 2012	At end of Sep. 2012	Increase (decrease)
Current assets	721.8	813.6	91.9	Liabilities	691.3	973.5	282.2
Cash and deposits	102.9	119.2	16.4	Current liabilities	449.6	615.8	166.2
Notes and accounts receivable–trade	266.1	289.0	22.9	Noncurrent liabilities	241.7	357.6	116.0
Inventories	279.2	311.8	32.6	Net assets	719.3	718.9	(0.4)
Other current assets	73.6	93.6	20.0	Shareholders' equity	696.8	710.6	13.8
Noncurrent assets	688.8	878.8	190.0	Capital stock	103.4	103.4	–
Property, plant and equipment	416.1	438.6	22.5	Capital surplus	79.4	79.4	(0.0)
Intangible assets	45.2	215.4	170.2	Retained earnings	516.4	530.2	13.8
Investments and other assets	227.5	224.8	(2.7)	Treasury stock	(2.4)	(2.4)	(0.0)
				Accumulated other comprehensive income	10.0	(3.3)	(13.3)
				Minority interests	12.4	11.6	(0.9)
Total assets	1,410.6	1,692.4	281.8	Total liabilities and net assets	1,410.6	1,692.4	281.8

¹ Effect of consolidation of ZOLL Medical Corporation, etc. is shown on p. 34.

Cash flows and primary investments

Cash flows

(¥ billion)

	H1 2011	H1 2012
a. Net cash provided by (used in) operating activities	63.1	29.9
b. Net cash provided by (used in) investing activities	(38.6)	(228.6)
c. Free cash flows [a+b]	24.5	(198.7)
d. Net cash provided by (used in) financing activities	(70.0)	221.4
e. Effect of exchange rate change on cash and cash equivalents	0.3	(5.7)
f. Net increase (decrease) in cash and cash equivalents [c+d+e]	(45.1)	17.1
g. Cash and cash equivalents at beginning of period	134.4	96.4
h. Increase in cash and cash equivalents resulting from change of scope of consolidation	1.5	0.1
i. Effect of change in the reporting period of consolidated subsidiaries and affiliates	0.5	(5.3)
j. Cash and cash equivalents at end of period [f+g+h+i]	91.3	108.2

Primary investments

(¥ billion)

		FY 2011		FY 2012	
		H1 2011		H1 2012	forecast
	Capital expenditure (tangible)	34.1	75.4	46.4	99.0
	Capital expenditure (intangible)	3.5	9.7	8.5	16.0
Total capital expenditure		37.6	85.1	54.9	115.0
	Depreciation and amortization excluding goodwill	37.8	78.4	37.4	
	Amortization of goodwill	0.5	1.2	3.2	
Total depreciation and amortization		38.3	79.6	40.6	
R&D expenditures		32.0	66.3	35.1	73.0

H1 2012 vs. H1 2011 sales and operating income by segment

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(¥ billion)

	Sales ¹			Operating income (loss)			H1 2012 forecast in Aug.	
	H1 2011	H1 2012	Increase (decrease)	H1 2011	H1 2012	Increase (decrease)	Sales	Operating income (loss)
Chemicals	360.1	332.3	(27.8)	34.1	14.6	(19.6)	334.0	14.5
Homes	200.0	213.0	13.1	17.9	18.8	0.9	213.0	18.0
Health Care	60.0	64.8	4.8	5.6	7.5	1.9	65.0	6.0
Fibers	56.1	53.9	(2.3)	2.1	1.7	(0.4)	54.0	1.5
Electronics	77.5	66.9	(10.6)	7.0	0.0	(7.0)	69.0	1.0
Construction Materials	22.2	24.8	2.5	0.8	1.6	0.8	26.0	1.5
Critical Care ²	–	22.9	22.9	–	(1.1)	(1.1)	23.0	(1.5)
Others	8.5	8.9	0.4	1.2	1.2	(0.0)	10.0	1.0
Corporate expenses and eliminations	–	–	–	(5.0)	(6.0)	(1.0)	–	(6.5)
Consolidated	784.4	787.5	3.1	63.8	38.3	(25.5)	794.0	35.5

¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

² Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

Overseas sales by segment

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(¥ billion)

	H1 2011			H1 2012			Increase (decrease) in overseas sales	
	Total sales ¹	Overseas sales	% of total	Total sales	Overseas sales	% of total	% change	
Chemicals	360.1	154.2	42.8%	332.3	138.7	41.7%	(15.6)	-10.1%
Homes	200.0	—	—	213.0	—	—	—	—
Health Care	60.0	15.3	25.4%	64.8	13.7	21.1%	(1.6)	-10.3%
Fibers	56.1	18.2	32.4%	53.9	18.3	34.0%	0.1	+0.7%
Electronics	77.5	39.5	51.0%	66.9	36.3	54.2%	(3.2)	-8.2%
Construction Materials	22.2	—	—	24.8	—	—	—	—
Critical Care ²	—	—	—	22.9	22.8	99.6%	22.8	—
Others	8.5	0.6	7.3%	8.9	0.6	6.7%	(0.0)	-4.5%
Total	784.4	227.8	29.0%	787.5	230.3	29.2%	2.5	+1.1%
Sales to East Asia ³		144.8	18.5%		136.9	17.4%	(7.9)	-5.5%
of which, sales to China		75.3	9.6%		74.0	9.4%	(1.2)	-1.6%

Sales, excluding Homes and
Construction Materials

562.2 227.8 40.5% 549.7 230.3 41.9%

¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

² Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

³ China, Korea, and Taiwan.

Sales and operating income increases/decreases by segment (i)

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(¥ billion)

		H1 2011	H1 2012	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Chemicals	Sales ¹	360.1	332.3	(27.8)	(15.6)	(12.2)	(0.3)	—	—
	Operating income	34.1	14.6	(19.6)	(4.1)			—	(3.3)
Homes	Sales	200.0	213.0	13.1	17.2	2.0	—	(6.2)	—
	Operating income	17.9	18.8	0.9	4.8			—	(5.8)
Health Care	Sales	60.0	64.8	4.8	7.2	(2.3)	(0.7)	—	—
	Operating income	5.6	7.5	1.9	6.7			—	(2.5)
Fibers	Sales	56.1	53.9	(2.3)	(1.5)	(0.8)	(0.7)	—	—
	Operating income	2.1	1.7	(0.4)	(0.4)			—	0.8
Electronics	Sales	77.5	66.9	(10.6)	(5.3)	(5.3)	(0.2)	—	—
	Operating income	7.0	0.0	(7.0)	(1.3)			—	(0.5)

¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

Sales and operating income increases/decreases by segment (ii)

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(¥ billion)

		H1 2011	H1 2012	Net increase (decrease)	Increase (decrease) due to:				
					Sales volume	Sales prices	of which, due to foreign exchange	Others	Operating costs and others
Construction Materials	Sales	22.2	24.8	2.5	2.3	0.2	–	–	–
	Operating income	0.8	1.6	0.8	0.4			–	0.2
Critical Care ¹	Sales	–	22.9	22.9	–	–	–	22.9	–
	Operating loss	–	(1.1)	(1.1)	–			–	(1.1)
Others	Sales	8.5	8.9	0.4	0.3	–	–	0.1	–
	Operating income	1.2	1.2	(0.0)	0.0			–	(0.1)
Corporate expenses and eliminations	Operating loss	(5.0)	(6.0)	(1.0)	–	–	–	–	(1.0)
Consolidated	Sales ²	784.4	787.5	3.1	4.6	(18.3)	(1.9)	16.8	–
	Operating income	63.8	38.3	(25.5)	6.1			–	(13.3)

¹ Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

² The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011.)

Forecast for fiscal year 2012

Consolidated operating performance

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(¥ billion)

	FY 2011			FY 2012 forecast			Increase (decrease)	FY 2012 forecast in May	Increase (decrease)
	H1	H2	Total	H1	H2 forecast	Total			
Net sales ¹	784.4	788.8	1,573.2	787.5	897.5	1,685.0	111.8	1,781.0	(96.0)
Operating income	63.8	40.5	104.3	38.3	57.7	96.0	(8.3)	112.0	(16.0)
Ordinary income	62.1	45.4	107.6	35.9	57.1	93.0	(14.6)	115.0	(22.0)
Net income	38.2	17.6	55.8	20.6	29.9	50.5	(5.3)	66.5	(16.0)

¹ The accounting policy for naphtha resale was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011 and ¥22.0 billion in H2 2011.)

Naphtha price (¥/kL, domestic)	56,950	52,900	54,925	55,200	55,000	55,100	175	62,000	(6,900)
¥/US\$ exchange rate (market average)	80	78	79	79	79	79	0	80	(1)

	FY 2011	FY 2012
Dividends per share	¥14	¥14 (planned)
Payout ratio	35.1%	38.7%

Sales¹ forecast by segment

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(¥ billion)

	FY 2011			FY 2012 forecast			Increase (decrease)	FY 2012 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Chemicals	360.1	320.0	680.1	332.3	367.7	700.0	19.9	385.0	397.0	782.0	(52.7)	(29.3)	(82.0)
Homes	200.0	252.0	452.0	213.0	273.0	486.0	34.0	213.0	269.0	482.0	0.0	4.0	4.0
Health Care	60.0	59.5	119.5	64.8	68.2	133.0	13.5	62.0	69.0	131.0	2.8	(0.8)	2.0
Fibers	56.1	54.7	110.8	53.9	56.1	110.0	(0.8)	55.0	57.0	112.0	(1.1)	(0.9)	(2.0)
Electronics	77.5	68.6	146.1	66.9	69.1	136.0	(10.1)	74.0	78.0	152.0	(7.1)	(8.9)	(16.0)
Construction Materials	22.2	23.9	46.1	24.8	28.2	53.0	6.9	26.0	27.0	53.0	(1.2)	1.2	–
Critical Care ²	–	–	–	22.9	26.1	49.0	49.0	23.0	26.0	49.0	(0.1)	0.1	–
Others	8.5	10.1	18.6	8.9	9.1	18.0	(0.6)	9.0	11.0	20.0	(0.1)	(1.9)	(2.0)
Consolidated	784.4	788.8	1,573.2	787.5	897.5	1,685.0	111.8	847.0	934.0	1,781.0	(59.5)	(36.5)	(96.0)

¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount was ¥17.7 billion in H1 2011 and ¥22.0 billion in H2 2011.)

² Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

Operating income forecast by segment

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(¥ billion)

	FY 2011			FY 2012 forecast			Increase (decrease)	FY 2012 forecast in May			Increase (decrease)		
	H1	H2	Total	H1	H2 forecast	Total		H1	H2	Total	H1	H2	Total
Chemicals	34.1	10.4	44.5	14.6	16.4	31.0	(13.5)	22.0	24.0	46.0	(7.4)	(7.6)	(15.0)
Homes	17.9	28.4	46.3	18.8	33.2	52.0	5.7	18.0	32.0	50.0	0.8	1.2	2.0
Health Care	5.6	3.2	8.8	7.5	8.5	16.0	7.2	4.5	8.0	12.5	3.0	0.5	3.5
Fibers	2.1	1.0	3.1	1.7	2.3	4.0	0.9	2.0	2.5	4.5	(0.3)	(0.2)	(0.5)
Electronics	7.0	(0.6)	6.4	0.0	2.5	2.5	(3.9)	3.5	7.0	10.5	(3.5)	(4.5)	(8.0)
Construction Materials	0.8	1.1	1.8	1.6	1.9	3.5	1.7	1.5	1.5	3.0	0.1	0.4	0.5
Critical Care ¹	–	–	–	(1.1)	(2.9)	(4.0)	(4.0)	(1.5)	(2.5)	(4.0)	0.4	(0.4)	–
Others	1.2	1.8	3.0	1.2	0.8	2.0	(1.0)	1.0	1.0	2.0	0.2	(0.2)	–
Corporate expenses and eliminations	(5.0)	(4.8)	(9.7)	(6.0)	(5.0)	(11.0)	(1.3)	(6.0)	(6.5)	(12.5)	0.0	1.5	1.5
Consolidated	63.8	40.5	104.3	38.3	57.7	96.0	(8.3)	45.0	67.0	112.0	(6.7)	(9.3)	(16.0)

¹ Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

Appendix

Quarterly sales¹ by segment

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(¥ billion)

	FY 2010				FY 2011				FY 2012		FY2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Chemicals	165.0	180.4	173.7	180.8	177.9	182.2	165.6	154.5	161.1	171.3	367.7
Homes	64.5	109.0	90.5	145.2	79.2	120.8	109.0	143.0	86.3	126.7	273.0
Health Care	28.7	29.0	30.5	28.1	29.4	30.6	30.7	28.8	32.4	32.4	68.2
Fibers	26.5	28.1	27.1	27.1	27.7	28.4	27.2	27.5	26.3	27.6	56.1
Electronics	40.9	42.2	38.4	36.7	39.8	37.8	35.6	32.9	34.0	33.0	69.1
Construction Materials	11.0	12.4	13.7	10.3	10.1	12.2	12.8	11.1	11.5	13.2	28.2
Critical Care ²	—	—	—	—	—	—	—	—	9.1	13.8	26.1
Others	3.5	3.9	3.7	4.9	4.0	4.5	4.4	5.7	4.4	4.5	9.1
Total	340.1	405.1	377.7	433.0	368.0	416.5	385.3	403.5	365.0	422.5	897.5

Naphtha resale amount
excluded from net sales

13.4	6.2	16.2	6.6	8.2	9.6	16.4	5.6
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¹ The accounting policy for naphtha resale in the Chemicals segment was changed in Q4 2011 to exclude the naphtha resale amount from net sales, which is applied retroactively for the full FY 2011 and FY 2010.

² Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

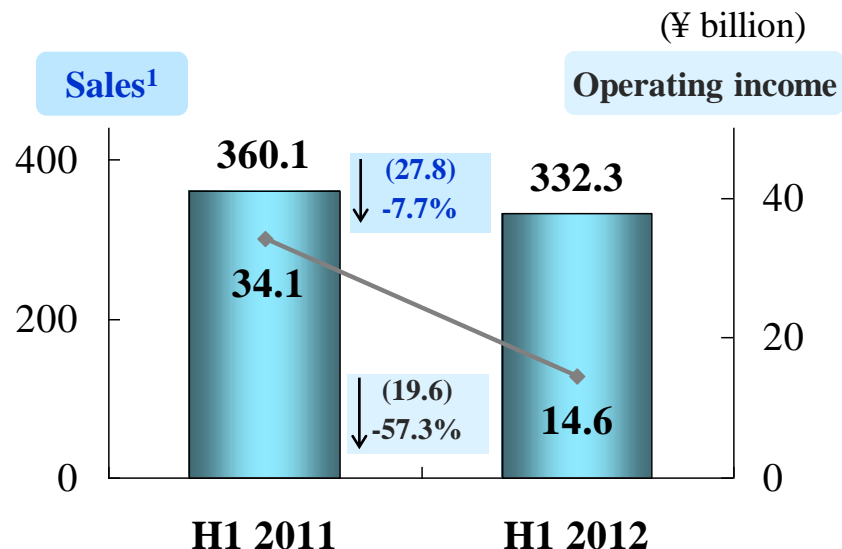
Quarterly operating income by segment

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(¥ billion)

	FY 2010				FY 2011				FY 2012		FY 2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	H2 forecast
Chemicals	15.3	22.0	16.6	10.5	19.4	14.7	9.2	1.2	4.3	10.2	16.4
Homes	(0.9)	11.0	7.9	18.5	3.6	14.2	10.9	17.5	3.6	15.2	33.2
Health Care	3.3	0.8	3.5	(0.6)	2.6	3.0	3.7	(0.6)	4.7	2.8	8.5
Fibers	1.2	1.1	1.3	0.6	1.4	0.7	0.5	0.5	0.6	1.1	2.3
Electronics	5.2	5.5	3.2	0.4	4.8	2.2	(0.5)	(0.2)	(0.4)	0.4	2.5
Construction Materials	0.3	0.8	1.3	(0.3)	0.2	0.5	0.9	0.1	0.5	1.1	1.9
Critical Care ¹	—	—	—	—	—	—	—	—	(0.5)	(0.6)	(2.9)
Others	0.3	0.5	0.2	0.7	0.4	0.8	0.9	0.9	0.8	0.3	0.8
Corporate expenses and eliminations	(2.0)	(1.0)	(2.8)	(1.4)	(2.2)	(2.7)	(2.5)	(2.3)	(2.9)	(3.0)	(5.0)
Total	22.8	40.7	31.0	28.4	30.2	33.5	23.3	17.2	10.8	27.5	57.7

¹ Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.



¹ The accounting policy for naphtha resale was changed in Q4 of FY 2011, and naphtha resale amount is now excluded from net sales, which is applied retroactively for the full FY 2011. (Naphtha resale amount ¥17.7 billion for H1 2011)

Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Operating costs and others

Review of operations

Volume products:

Chemicals and derivative products

Terms of trade deteriorated significantly as market conditions for acrylonitrile and adipic acid declined due to an economic slowdown in China. Sales and operating income decrease.

Polymer products

Impact of growing imports of polyethylene into the domestic market. Good performance of engineering plastics for automotive applications and synthetic rubber for tires. Sales decrease, but operating income increase.

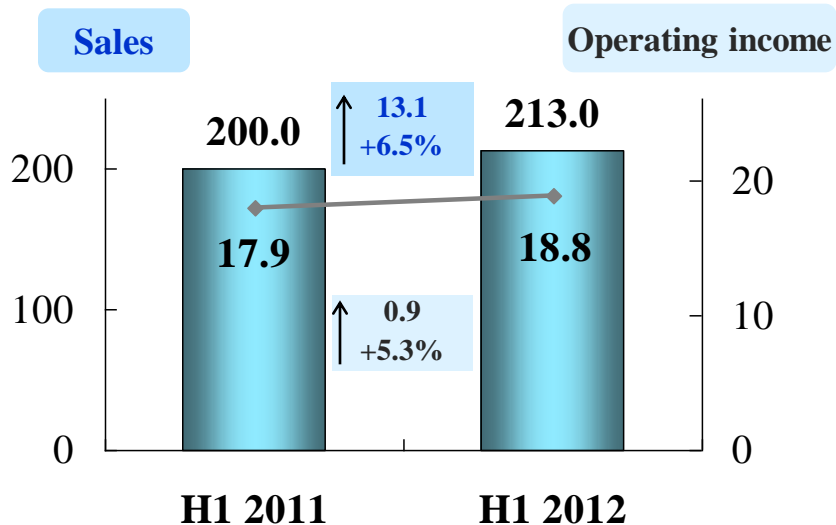
Specialty products:

Impact of the economic slowdown in China for ion-exchange membranes. Good performance in coating materials and functional chemicals for pharmaceutical manufacture. Sales decrease, but operating income increase.

Highlights

- May, completion of a new plant for Saran Wrap™.
- June, start of operation at a large-scale municipal MBR wastewater treatment facility in Paju, Gyeonggi-do, Korea, using Microza™ hollow-fiber membrane system.

(¥ billion)



Results by product category¹

(¥ billion)

	H1 2011			H1 2012	
	Sales	Operating income		Sales	Operating income
Order-built homes	145.9		Order-built homes, etc. (Asahi Kasei Homes)	161.4	14.8
Pre-built homes	11.9		Real estate-related (Asahi Kasei Fudousan Residence)	28.8	1.1
Housing-related, etc.	42.2		Remodeling (Asahi Kasei Reform)	21.6	2.6
Total	200.0	17.9	Other housing-related, etc.	1.2	0.3
			Total	213.0	18.8

Review of operations

Order-built homes:

- Increased deliveries of both Hebel Haus™ unit homes and Hebel Maison™ apartment buildings. Sales and operating income increase.
- Effect of government policy to support home purchases. Development of products matching needs in urban areas. Value of new orders increased 9.5% from a year ago.

Real estate-related, remodeling and others:

Decreased deliveries of condominiums in real-estate operations. Good performance in remodeling operations with solar panel installation and other renovation work. Sales and operating income increase.

Highlights

- April, launch of two-generation Hebel Haus™ homes with a system for energy sharing between families.
- April, launch of homes with enhanced disaster resistance and independent energy supply system.
- July, introduction of V2H system² and new home energy management system as options for Hebel Haus™.
- August, launch of homes with features for families living with their parents and a single sibling.

¹ Product categories are revised from FY 2012. A portion of sales previously included in pre-built homes is now included in order-built homes, etc. Otherwise, sales in the previous pre-built homes category are now included in real estate-related.

² Vehicle to home system, which enables return of energy from rechargeable battery of electric vehicle to home energy system.

Homes (i)

Sales¹ and order trends

(¥ billion, % change from same period of previous year shown at right)

		Value of new orders during the term	Sales of order-built homes	Sales of pre-built homes		Other sales	Consolidated subsidiaries	Consolidated	Order backlog
FY08	H1	157.1 (+2.3%)	129.4 (-1.4%)	6.0	(+19.7%)	0.7	34.3 (+13.2%)	170.3 (+2.0%)	326.6
	H2	133.9 (-12.1%)	177.9 (+7.2%)	24.0	(+22.8%)	0.9	36.9 (+10.8%)	239.6 (+9.3%)	282.6
	annual	291.1 (-4.9%)	307.3 (+3.4%)	29.9	(+22.2%)	1.5	71.2 (+11.8%)	409.9 (+6.1%)	
FY09	H1	154.6 (-1.6%)	115.8 (-10.5%)	5.2	(-12.6%)	0.8	35.8 (+4.4%)	157.7 (-7.4%)	321.3
	H2	152.3 (+13.7%)	166.5 (-6.4%)	26.9	(+12.4%)	1.1	37.5 (+1.7%)	232.0 (-3.2%)	307.1
	annual	306.9 (+5.4%)	282.3 (-8.1%)	32.1	(+7.4%)	1.9	73.4 (+3.0%)	389.7 (-4.9%)	
FY10	H1	181.7 (+17.6%)	125.5 (+8.3%)	9.4	(+79.8%)	1.1	37.5 (+4.8%)	173.5 (+10.0%)	363.4
	H2	172.8 (+13.4%)	176.6 (+6.1%)	18.4	(-31.7%)	1.5	39.2 (+4.5%)	235.7 (+1.6%)	359.5
	annual	354.5 (+15.5%)	302.1 (+7.0%)	27.8	(-13.6%)	2.5	76.8 (+4.6%)	409.2 (+5.0%)	
FY11	H1	189.4 (+4.2%)	145.9 (+16.3%)	11.9	(+26.5%)	1.5	40.6 (+8.3%)	200.0 (+15.2%)	403.0
	H2	182.5 (+5.6%)	193.7 (+9.7%)	11.8	(-35.7%)	46.5	(+14.2%)	252.0 (+6.9%)	391.8
	annual	371.9 (+4.9%)	339.6 (+12.4%)	23.7	(-14.7%)	88.7	(+11.8%)	452.0 (+10.4%)	

		Value of new orders during the term	Sales of order-built homes, etc.	Sales of real estate-related				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 forecast	192.0 (+5.2%)	204.5	17.6	24.8	1.4	43.7	23.4	1.3	273.0 (+8.3%)	434.3
	annual	399.5 (+7.4%)	366.0	22.0	48.0	2.5	72.5	45.0	2.6	486.0 (+7.5%)	

¹ Product categories are revised from FY 2012. A portion of sales previously included in pre-built homes is now included in order-built homes, etc. Otherwise, sales in the previous pre-built homes category are now included in real estate-related.

Breakdown of H1 2012 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	97.6	+3.4%	3,186	+2.4%	121.8	+8.8%	4,221	+11.7%
	3+ story	35.7	+12.0%	1,375	+19.8%	45.8	+3.2%	1,864	+7.1%
	Total	133.3	+5.6%	4,561	+7.1%	167.6	+7.2%	6,085	+10.2%
Multi-dwelling homes	1-2 story	8.3	+45.6%	665	+43.9%	14.6	+24.1%	1,201	+24.6%
	3+ story	16.2	+15.9%	1,302	+9.0%	25.3	+18.6%	1,965	+12.2%
	Total	24.5	+24.5%	1,967	+18.7%	39.9	+20.6%	3,166	+16.6%
Order-built homes total		157.8	+8.1%	6,528	+10.3%	207.5	+9.5%	9,251	+12.3%
Other ¹		3.6	-72.9%	13	-90.9%	–	–	–	–
Asahi Kasei Homes total		161.4	+1.3%	6,541	+8.0%	207.5	+9.5%	9,251	+12.3%

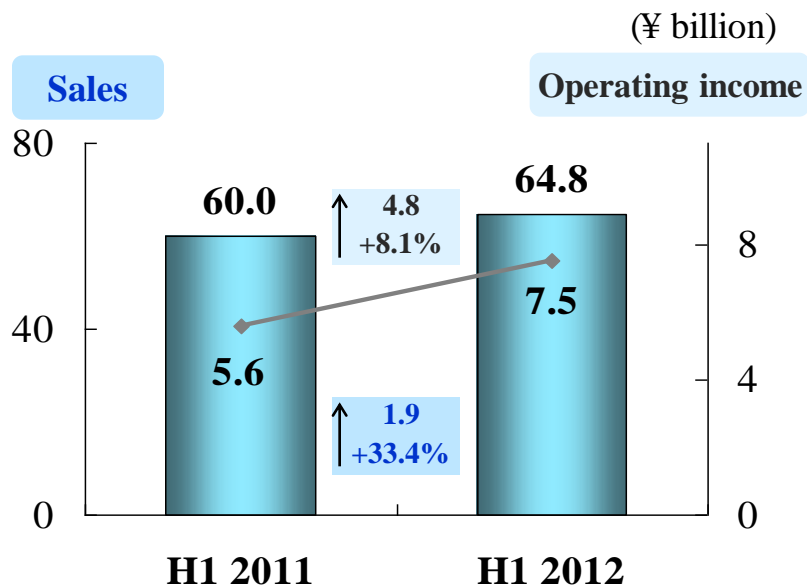
¹ Includes sales of street-corner showrooms and land for Hebel Haus™ construction, insurance commissions, etc.
Percent change from previous year is based on comparison with FY 2011 figures which include some operations (e.g. condominium operations) that were transferred from Asahi Kasei Homes to Asahi Kasei Fudousan Residence in Oct. 2011.

Breakdown of sales and order forecast of Asahi Kasei Homes for FY 2012

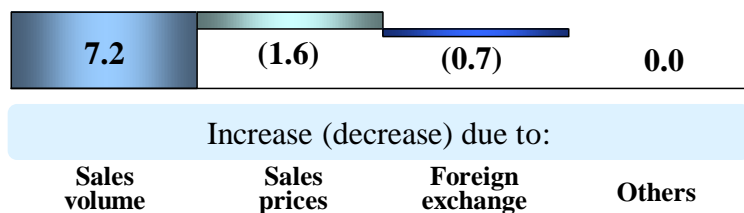
(% change from previous year)

		Net sales		Number of units sold		Orders received			
		(¥ billion)	(% change)	(units)	(% change)	(¥ billion)	(% change)	(units)	(% change)
Unit homes	1-2 story	214.4	+3.3%	7,080	+3.0%	234.5	+8.4%	8,080	+10.6%
	3+ story	81.9	+7.1%	3,210	+10.4%	89.1	+1.3%	3,570	+2.3%
	Total	296.3	+4.3%	10,290	+5.2%	323.6	+6.4%	11,650	+8.0%
Multi-dwelling homes	1-2 story	22.1	+13.3%	1,790	+9.3%	28.2	+15.3%	2,300	+18.3%
	3+ story	38.6	+7.1%	3,105	+1.3%	47.7	+10.5%	3,765	+7.7%
	Total	60.7	+9.3%	4,895	+4.1%	75.9	+12.2%	6,065	+11.5%
Order-built homes total		357.0	+5.1%	15,185	+4.8%	399.5	+7.4%	17,715	+9.1%
Other ¹		8.9	-51.6%	50	-70.1%	–	–	–	–
Asahi Kasei Homes total		366.0	+2.2%	15,235	+4.0%	399.5	+7.4%	17,715	+9.1%

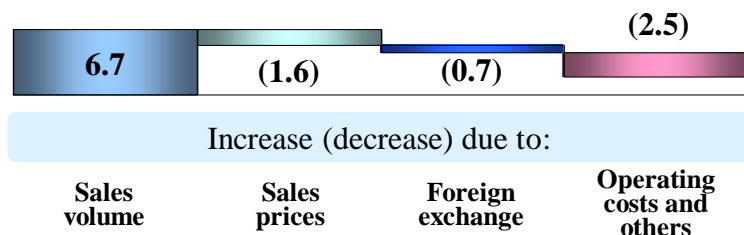
¹ Includes sales of street-corner showrooms and land for Hebel Haus™ construction, insurance commissions, etc.
Percent change from previous year is based on comparison with FY 2011 figures which include some operations (e.g. condominium operations) that were transferred from Asahi Kasei Homes to Asahi Kasei Fudousan Residence in Oct. 2011.



Sales increases/decreases



Operating income increases/decreases



Review of operations

Pharmaceuticals:

Increased R&D expenses. Impact of reduced reimbursement prices. Strong sales growth of Teribone™, a new osteoporosis drug launched in November 2011. Steady growth of Recomodulin™ recombinant thrombomodulin. Sales and operating income increase.

Devices:

Impact of the strong yen. Firm performance of polysulfone-membrane artificial kidneys and other blood purification products for overseas markets. Sales and operating income decrease.

Highlights

- May, investment in NxStage Medical, Inc. through conversion of an outstanding loan into newly issued shares, as part of reinforcement of the strategic alliance.
- October, initiation of global Phase III clinical trial for ART-123 (marketed as Recomodulin™ in Japan) for the treatment of severe sepsis with coagulopathy.

Health Care (i)

Sales of Health Care segment

(¥ billion)

			FY 2011		FY 2012	
			H1		H1	forecast
		Domestic pharamaceuticals	27.7	57.1	34.2	70.0
		Others	3.2	5.2	2.3	4.7
	Asahi Kasei Pharma consolidated		30.9	62.3	36.5	74.7
	Devices ¹		29.0	57.2	28.3	58.3
	Total		60.0	119.5	64.8	133.0

¹ Asahi Kasei Medical and its affiliate companies.

Main pharmaceuticals domestic sales

(¥ billion)

	FY 2011		FY 2012	
	H1		H1	forecast
Teribone™	–	2.2	7.3	17.0
Flivas™	6.9	14.2	7.0	14.0
Elcitonin™	6.7	12.4	5.3	10.4
Recomodulin™	3.4	7.3	4.3	9.3
Bredinin™	3.2	6.4	3.1	5.9

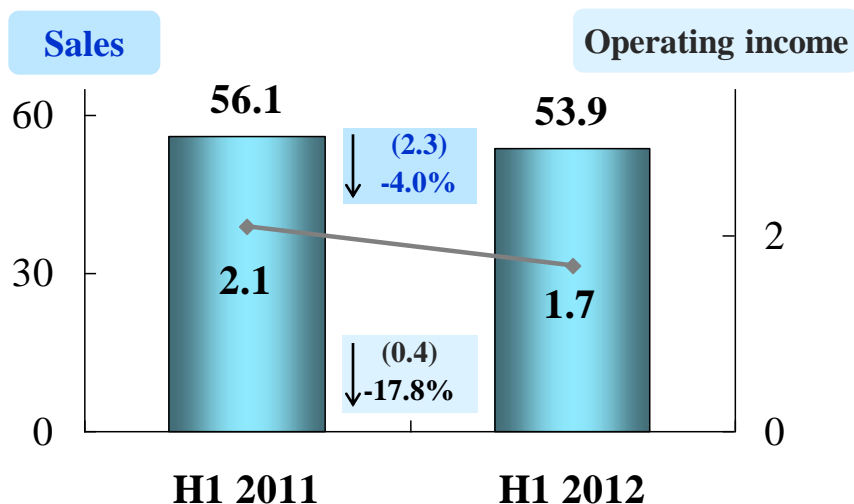
Main pharmaceutical products

	Generic name	Mechanism/ substance class	Indication	Formulation
Teribone™	Teriparatide acetate	Synthetic human parathyroid hormone (PTH)	Osteoporosis with high risk of fracture	Injection
Flivas™	Naftopidil	Selective α -1 blocker	Benign prostatic hypertrophy	Tablet
Elcitonin™	Elcatonin	Eel calcitonin derivative	Osteoporosis pain	Injection
Recomodulin™	Recombinant thrombomodulin alpha	Anticoagulant	Disseminated intravascular coagulation	Injection
Bredinin™	Mizoribine	Immunosuppressant	Kidney transplantation, lupus nephritis, nephrosis syndrome, rheumatoid arthritis	Tablet

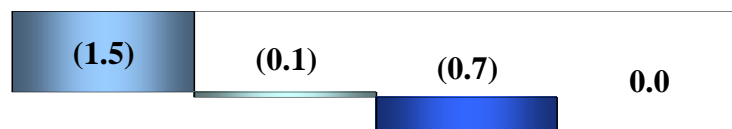
Pharmaceutical pipeline

Development stage	Code name, form, generic name	Remarks	Classifications	Indication	Origin
Pending approval	AK-120, oral, famciclovir	Additional indication	Antiviral	Herpes simplex	Licensed
Phase III	AK-156, injection, zoledronic acid	New efficacy, new dose; once-yearly administration	Bisphosphonate	Osteoporosis	Licensed
	AK-160, injection	New biologic	Collagenase clostridium histolyticum	Dupuytren's contracture	Licensed
Phase II	AT-877, oral, fasudil hydrochloride hydrate	Additional indication, new dosage form	Rho-kinase inhibitor	Pulmonary arterial hypertension	In-house
	HC-58, injection, elcatonin	Additional indication	Calcitonin	Shoulder hand syndrome	In-house
Phase III (overseas)	ART-123, injection, recombinant thrombomodulin alpha	New biologic	Recombinant human thrombomodulin	Severe sepsis with coagulopathy	In-house
Phase II (overseas)	AK106	New chemical entity	Anti-inflammatory	Rheumatoid arthritis	In-house

(¥ billion)



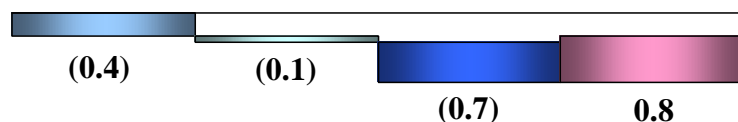
Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Operating costs and others

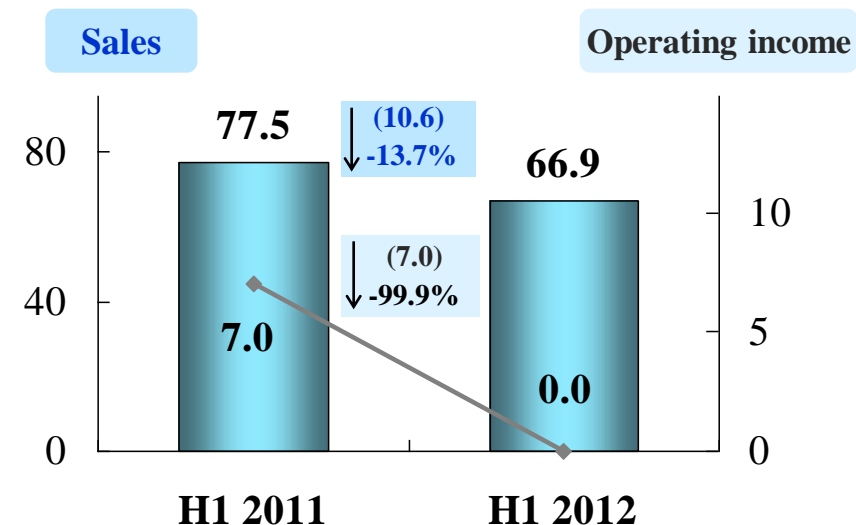
Review of operations

Strong sales of Bemberg™ regenerated cellulose in markets for linings and ethnic garments. Good performance of Leona™ nylon 66 filament in airbag applications. Impact of decreased exports and the strong yen for Roica™ elastic polyurethane filament. Sales and operating income decrease.

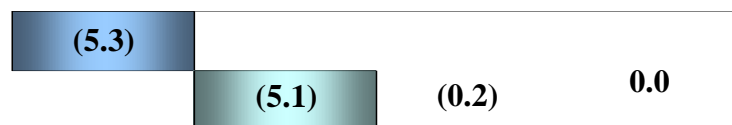
Highlights

- August, decision to restructure spandex operations, including discontinuation of manufacture and sale of spandex at US subsidiary.

(¥ billion)



Sales increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Others

Operating income increases/decreases



Increase (decrease) due to:

Sales volume Sales prices Foreign exchange Operating costs and others

Review of operations

Electronic devices:

Increased shipments of mixed-signal LSIs for smartphones. Impact of general deterioration in market conditions across the electronics industry in each product category. Sales and operating income decrease.

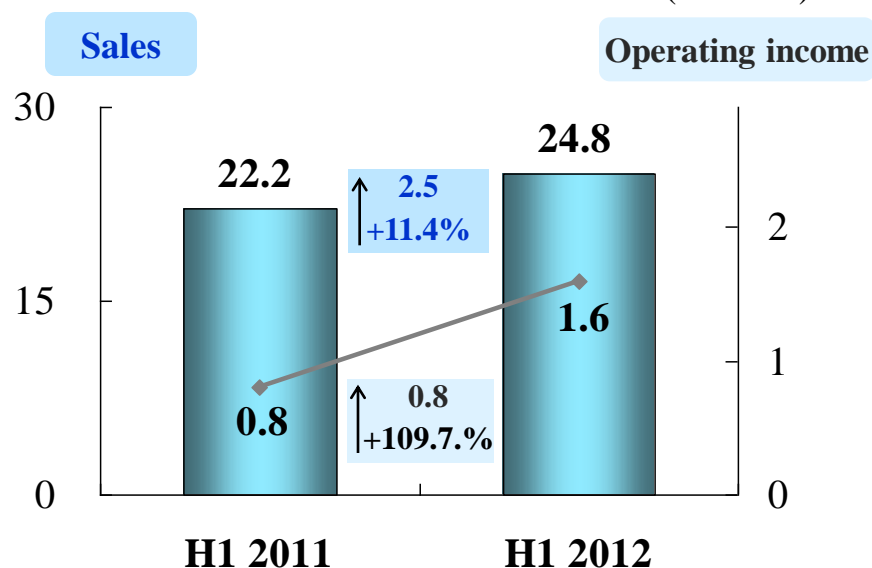
Electronic materials:

Recovery in shipment volumes of Hipore™ Li-ion battery separator continuing from the second half of the previous fiscal year. Good performance of Sunfort™ dry film photoresist in tablet PC and smartphone applications. Lower sales prices in each product category. Sales and operating income decrease.

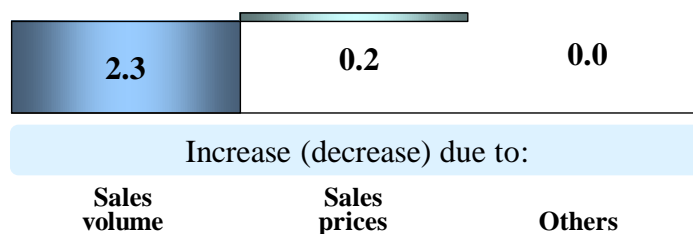
Highlights

- May, announcement on construction of a new plant for Sunfort™ dry film photoresist in Changshu, Jiangsu, China; start-up in Sep. 2013.
- June, technology to automatically adjust electronic compasses recognized with the Imperial Invention Prize.
- July, launch of a new 3-axis electronic compass with world's smallest-class package size.
- September, start-up of a Hipore™ slitting facility in Suzhou, Jiangsu, China.

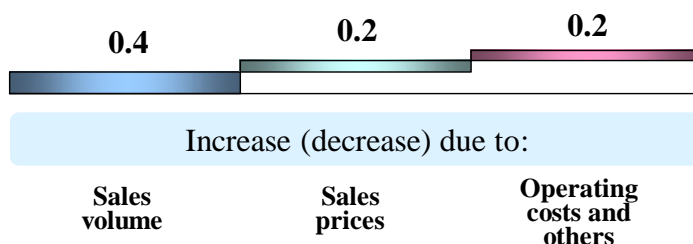
(¥ billion)



Sales increases/decreases



Operating income increases/decreases

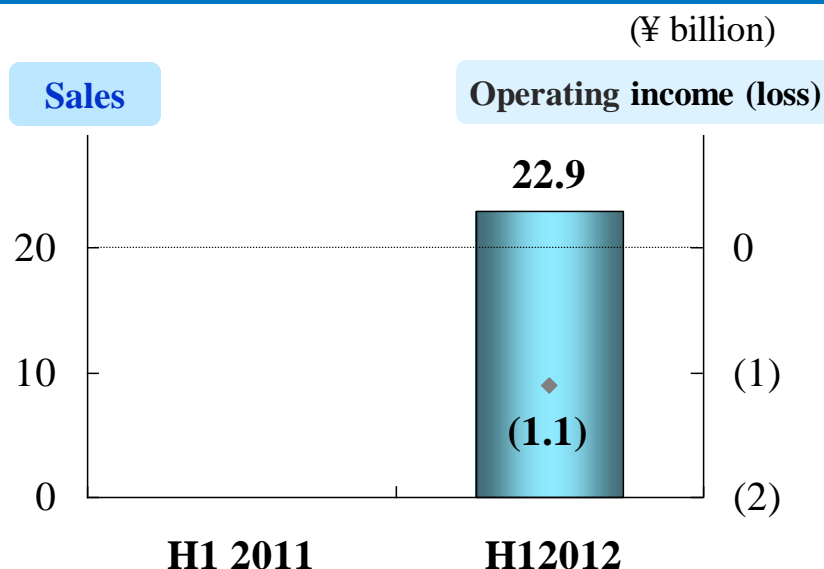


Review of operations

Strong sales of Hebel™ autoclaved aerated concrete panels. Good performance in insulation materials such as Neoma™ high-performance phenolic foam insulation panels, foundation systems, and structural materials. Sales and operating income increase.

Highlights

- August, decision to discontinue manufacture and sale of Sunylite™ polyethylene foam insulation panels at end of Mar. 2013.
- August, launch of Jupii™ 25 phenolic foam floor insulation panels.



Review of operations

Steady increase in shipments of LifeVest™ wearable defibrillators. Good performance of defibrillators for professional use and other products. Operating loss resulted as an effect of amortization of goodwill and other intangible assets.

Highlights

- October, establishment of Asahi Kasei ZOLL Medical Corporation as a Japanese subsidiary of ZOLL Medical Corporation.

Financial effect of consolidation¹

1) Effect on balance sheets (¥ billion, as of Sep. 30, 2012)

Total assets	205.3 increase
Goodwill	105.6 increase
Other intangible assets	60.6 increase

2) Amortization and depreciation in FY2012

	(¥ billion)		
	H1 (May-Sep.)	H2 forecast	FY 2012 forecast
Amortization/depreciation of:			
Goodwill	2.3	2.7	5.0
Other intangible assets, etc.	3.0	2.8	5.8
Total	5.3	5.6	10.8

¹ Consolidation of ZOLL Medical Corporation, etc.

Primary investments by segment

AsahiKASEI

(¥ billion)

	Capital expenditures			Depreciation and amortization ¹			R&D expenditures		
	FY 2011	FY 2012		FY 2011	FY 2012		FY 2011	FY 2012	
		H1	forecast		H1	forecast		H1	forecast
Chemicals	39.1	25.4	50.0	29.2	13.9		16.2	7.8	
Homes	6.3	3.8	8.0	4.8	2.5		2.1	1.1	
Health Care	10.7	3.3	10.0	10.9	5.1		17.5	10.0	
Fibers	5.7	3.8	11.5	6.4	2.8		2.8	1.4	
Electronics	13.4	9.2	17.0	20.9	7.1		19.2	9.1	
Construction Materials	1.6	1.2	1.5	2.4	1.1		1.1	0.6	
Critical Care ²	–	1.8	3.0	–	3.0		–	1.6	
Others	0.8	0.5	2.0	0.9	0.4		0.2	0.1	
Corporate assets and eliminations	7.6	6.0	12.0	2.9	1.4		7.1	3.5	
Total	85.1	54.9	115.0	78.4	37.4	82.0	66.3	35.1	73.0

Amortization of goodwill³

1.2 3.2

¹ Amortization of goodwill, which was previously included in depreciation and amortization, is now shown separately below the table.

² Critical Care is added as a new operating segment in FY 2012, in which results of ZOLL Medical Corp., etc. are reported.

³ Amortization of goodwill related to acquisition of ZOLL Medical Corp., etc. incurred from H1 2012.

Completed in H1 2012

- New power generation facility using wood biomass fuel in Nobeoka, Japan, Jul. 2012.*
- New plant for Saran Wrap™ in Suzuka, Japan, May 2012.*

Under construction at end of Sep. 2012

- Spunbond – new 20,000 ton/y plant in Thailand, Oct. 2012.*
- Acrylonitrile – 245,000 ton/y capacity increase in Korea, Jan. 2013.*
- Hipore™ Li-ion battery separator – 50 million m²/y capacity increase in Hyuga, Japan, spring 2013.*
- Solution-SBR – new 50,000 ton/y plant in Singapore, May 2013.*
- Dry film photoresist – new 120 million m²/y plant in China, Sep. 2013.*
- Acetonitrile – new 11,000 ton/y plant in Korea, Jan. 2014.
- Neoma™ high performance phenolic form insulation panel – capacity increase by 80% in Sakai, Japan, Apr. 2014.*

* Investment of ¥3 billion or more.

Statements of comprehensive income

(¥ billion)

	H1 2011	H1 2012	Increase (decrease)
a: Income before minority interests	39.1	21.0	(18.0)
Net increase or decrease in unrealized gain on other securities	1.4	(4.3)	(5.6)
Deferred gains or losses on hedges	0.3	1.6	1.2
Foreign currency translation adjustment	0.5	(14.8)	(15.2)
Share of other comprehensive income of affiliates accounted for using equity method	(0.5)	(1.4)	(1.0)
b: Other comprehensive income	1.7	(18.9)	(20.6)
Comprehensive income [a+b]	40.8	2.1	(38.6)

Comprehensive income attributable to owners of the parent

40.2

2.0

(38.2)

Comprehensive income attributable to minority interests

0.6

0.2

(0.4)

– 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.