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## Consolidated Results for 1st Quarter Fiscal 2017: April 1, 2017 – June 30, 2017

(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 2017	Q1 2016
Net sales	448,736 [+5.4%]	425,825 [−7.9%]
Operating income	37,858 [+26.7%]	29,879 [−15.9%]
Ordinary income	41,203 [+45.7%]	28,281 [−22.5%]
Net income attributable to owners of the parent	30,064 [+24.8%]	24,093 [+16.4%]
Net income per share*	21.53	17.25
Diluted net income per share*	—	—

\* Yen

Note: Comprehensive income was ¥38,976 million during Q1 2017, and ¥(43,341) million during Q1 2016.

## 2. Financial position

At end of	June 2017	March 2017
Total assets	2,256,589	2,254,500
Net assets	1,187,184	1,168,115
Net worth/total assets	51.9%	51.1%
Net worth per share*	837.81	824.36

\* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of June 30, 2017, was ¥1,170,114 million; as of March 31, 2017, ¥1,151,344 million.

**II. Cash Dividends**

Fiscal year	Cash dividends per share*				Total annual
	Q1	Q2	Q3	Q4	
2016	—	10.00	—	14.00	24.00
2017	—				
2017 (forecast)		12.00	—	12.00	24.00

\* Yen

### III. Forecast for Fiscal 2017 (April 1, 2017 – March 31, 2018)

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

	For Q1–Q2	For the fiscal year
Net sales	957,000 [+7.4%]	1,990,000 [+5.7%]
Operating income	80,000 [+13.1%]	165,000 [+3.6%]
Ordinary income	84,000 [+20.2%]	170,000 [+5.8%]
Net income attributable to owners of the parent	60,000 [+13.4%]	115,000 [+0.0%]
Net income per share*	42.96	82.34

\* Yen

#### 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 2017 announced on May 11, 2017, will be revised at the end of the 2nd quarter of fiscal 2017.

### IV. Other Information

#### 1. Changes in significant subsidiaries which affected scope of consolidation during the period: None

#### 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: None

#### 4. Number of shares outstanding

	Q1 2017	FY 2016
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	5,981,944	5,958,904
Average number of shares outstanding during period	1,396,648,051	1,396,748,718*

\* Q1 2016

## V. Consolidated Financial Statements

### 1. Balance sheets

	At end of March 2017	At end of June 2017
<b>Assets</b>		
Current assets		
Cash and deposits	145,289	153,284
Notes and accounts receivable–trade	302,751	284,789
Merchandise and finished goods	159,395	157,010
Work in process	116,481	131,962
Raw materials and supplies	70,806	70,196
Deferred tax assets	20,279	20,629
Other	81,816	79,327
Allowance for doubtful accounts	(2,272)	(2,290)
Total current assets	894,545	894,907
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	508,713	514,001
Accumulated depreciation	(278,122)	(279,807)
Buildings and structures, net	230,590	234,194
Machinery, equipment and vehicles	1,376,029	1,381,400
Accumulated depreciation	(1,176,686)	(1,180,859)
Machinery, equipment and vehicles, net	199,343	200,541
Land	62,391	62,097
Lease assets	12,367	12,391
Accumulated depreciation	(11,381)	(11,416)
Lease assets, net	986	975
Construction in progress	45,958	42,807
Other	150,073	150,899
Accumulated depreciation	(132,460)	(132,922)
Other, net	17,613	17,978
Subtotal	556,881	558,592
Intangible assets		
Goodwill	285,622	280,514
Other	177,149	173,349
Subtotal	462,772	453,863
Investments and other assets		
Investment securities	284,137	288,149
Long-term loans receivable	18,918	27,501
Deferred tax assets	9,309	7,101
Other	28,154	26,698
Allowance for doubtful accounts	(215)	(222)
Subtotal	340,302	349,227
Total noncurrent assets	1,359,955	1,361,682
Total assets	2,254,500	2,256,589

	At end of March 2017	At end of June 2017
Liabilities		
Current liabilities		
Notes and accounts payable—trade	147,543	126,671
Short-term loans payable	113,475	112,767
Commercial paper	56,000	69,000
Current portion of bonds payable	20,000	20,000
Lease obligations	305	234
Accrued expenses	100,419	82,079
Income taxes payable	16,202	18,529
Advances received	72,882	84,264
Provision for periodic repairs	5,003	4,363
Provision for product warranties	2,461	2,643
Provision for removal cost of property, plant and equipment	1,800	1,095
Asset retirement obligations	572	560
Other	58,217	62,383
Total current liabilities	594,880	584,588
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	192,584	189,819
Lease obligations	467	458
Deferred tax liabilities	59,759	58,083
Provision for periodic repairs	165	264
Provision for removal cost of property, plant and equipment	4,390	3,635
Provision for loss on litigation	2,162	2,158
Net defined benefit liability	178,368	177,264
Asset retirement obligations	3,436	3,605
Long-term guarantee deposits	20,479	20,434
Other	9,695	9,098
Total noncurrent liabilities	491,506	484,817
Total liabilities	1,086,385	1,069,405
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,443	79,440
Retained earnings	850,532	861,327
Treasury stock	(3,242)	(3,268)
Total shareholders' equity	1,030,122	1,040,887
Accumulated other comprehensive income		
Net unrealized gain on other securities	113,475	115,452
Deferred gains or losses on hedges	55	(11)
Foreign currency translation adjustment	40,831	44,811
Remeasurements of defined benefit plans	(33,140)	(31,025)
Total accumulated other comprehensive income	121,222	129,227
Non-controlling interests	16,771	17,070
Total net assets	1,168,115	1,187,184
Total liabilities and net assets	2,254,500	2,256,589

## 2. Statements of income and statements of comprehensive income

### 1) Statements of income

	Q1 2016	Q1 2017
Net sales	425,825	448,736
Cost of sales	291,274	302,131
Gross profit	134,551	146,604
Selling, general and administrative expenses	104,671	108,746
Operating income	29,879	37,858
Non-operating income		
Interest income	308	419
Dividends income	1,993	2,023
Equity in earnings of affiliates	—	2,596
Other	1,012	950
Total non-operating income	3,312	5,987
Non-operating expenses		
Interest expense	1,013	1,103
Equity in losses of affiliates	146	—
Foreign exchange loss	2,498	535
Other	1,253	1,003
Total non-operating expenses	4,911	2,642
Ordinary income	28,281	41,203
Extraordinary income		
Gain on sales of investment securities	3,869	5,541
Gain on sales of noncurrent assets	12	407
Total extraordinary income	3,881	5,948
Extraordinary loss		
Loss on valuation of investment securities	—	8
Loss on disposal of noncurrent assets	682	672
Impairment losses	10	513
Business structure improvement expenses	517	385
Business integration expense	599	—
Total extraordinary loss	1,807	1,578
Income before income taxes	30,355	45,574
Total income taxes	5,904	14,999
Net income	24,450	30,575
Net income attributable to non-controlling interests	357	511
Net income attributable to owners of the parent	24,093	30,064

## 2) Statements of comprehensive income

	Q1 2016	Q1 2017
Net income	24,450	30,575
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(12,560)	2,061
Deferred gains or losses on hedges	(178)	(66)
Foreign currency translation adjustment	(55,771)	4,256
Remeasurements of defined benefit plans	2,529	2,135
Share of other comprehensive income of affiliates accounted for using equity method	(1,811)	15
Total other comprehensive income	(67,791)	8,401
Comprehensive income	(43,341)	38,976
Comprehensive income attributable to:		
Owners of the parent	(43,083)	38,068
Non-controlling interests	(257)	907

### 3. Statements of cash flows

	Q1 2016	Q1 2017
Cash flows from operating activities		
Income before income taxes	30,355	45,574
Depreciation and amortization	21,444	22,460
Impairment loss	10	513
Amortization of goodwill	4,416	4,532
Amortization of negative goodwill	(40)	(40)
Decrease in provision for periodic repairs	(1,865)	(541)
Increase in provision for product warranties	40	183
Decrease in provision for removal cost of property, plant and equipment	(1,364)	(1,461)
Decrease in net defined benefit liability	(1,573)	(1,219)
Interest and dividend income	(2,300)	(2,441)
Interest expense	1,013	1,103
Equity in losses (gain) of affiliates	146	(2,596)
Gain on sales of investment securities	(3,869)	(5,541)
Loss on valuation of investment securities	—	8
Gain on sale of property, plant and equipment	(12)	(407)
Loss on disposal of noncurrent assets	682	672
Decrease in notes and accounts receivable–trade	11,228	18,978
Increase in inventories	(10,437)	(11,884)
Increase (decrease) in notes and accounts payable–trade	2,017	(21,992)
Decrease in accrued expenses	(16,908)	(19,209)
Increase in advances received	4,616	11,401
Other, net	6,524	7,849
Subtotal	44,121	45,942
Interest and dividend income, received	3,484	3,755
Interest expense paid	(547)	(650)
Income taxes paid	(13,596)	(12,079)
Net cash provided by operating activities	33,462	36,968
Cash flows from investing activities		
Payments into time deposits	(1,210)	(486)
Proceeds from withdrawal of time deposits	1,509	486
Purchase of property, plant and equipment	(18,926)	(19,413)
Proceeds from sales of property, plant and equipment	2,136	908
Purchase of intangible assets	(2,381)	(2,731)
Purchase of investment securities	(5,927)	(773)
Proceeds from sales of investment securities	4,275	5,953
Payments of loans receivable	(2,357)	(35,179)
Collection of loans receivable	165	26,496
Other, net	71	(176)
Net cash used in investing activities	(22,646)	(24,915)

	Q1 2016	Q1 2017
Cash flows from financing activities		
Net decrease in short-term loans payable	(177,948)	(2,308)
Increase in commercial paper	56,000	13,000
Proceeds from long-term loans payable	125,885	—
Repayment of long-term loans payable	(99)	(273)
Repayments of lease obligations	(292)	(129)
Purchase of treasury stock	(8)	(26)
Proceeds from disposal of treasury stock	0	0
Cash dividends paid	(13,968)	(19,553)
Cash dividends paid to non-controlling interests	(556)	(915)
Other, net	194	259
Net cash used in financing activities	(10,791)	(9,944)
Effect of exchange rate change on cash and cash equivalents	(9,941)	5,603
Net (decrease) increase in cash and cash equivalents	(9,916)	7,712
Cash and cash equivalents at beginning of period	145,307	144,077
Increase in cash and cash equivalents resulting from changes in scope of consolidation	281	272
Cash and cash equivalents at end of period	135,672	152,061

#### 4. Notes to consolidated financial statements

##### Consolidated balance sheets

##### Contingent liabilities

In October 2015 Asahi Kasei Corp. disclosed that Asahi Kasei Construction Materials Corp., a consolidated subsidiary of Asahi Kasei Corp., which performed pile installation work as secondary subcontractor for the construction of a condominium complex in Yokohama, Kanagawa, Japan, submitted incorrect data in the pile installation report for the precast concrete piles installed for this project. There was manipulation of ammeter data and flowmeter data for the installation of piles.

Asahi Kasei Corp. established a task force and an internal fact-finding committee as well as an independent commission to advance investigation, and on October 22, 2015, Asahi Kasei Construction Materials Corp. reported its record of similar pile installation work over the past 10 years to Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT).

On November 24, 2015, Asahi Kasei Construction Materials Corp. completed all possible investigation of whether or not there was manipulation of data regarding the installation of precast concrete piles, and reported the results to the MLIT. Out of the 3,052 projects subject to investigation, manipulation of data was found for 360 projects.

Regarding projects where manipulation of data was found, Asahi Kasei Construction Materials is cooperating with the prime contractors and the owners of the buildings in efforts to confirm safety based on instructions from the MLIT. Regarding projects where a Specific Administrative Agency has confirmed safety, the Specific Administrative Agency has issued a report to the MLIT. (At a meeting of the House of Councillors Committee on Land and Transport held on April 5, 2016, it was reported that the safety of 357 of the 360 projects had been confirmed.)

Although there is a possibility that an effect on the consolidated results of Asahi Kasei Corp. may emerge such as the recording of an additional reserve, etc., no such effect is reflected in the consolidated financial statements due to the difficulty of making a rational estimate of the amount of financial impact from this matter as of the time of preparation of the consolidated financial statements.