

Asahi Kasei Corporation

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Consolidated Results for Fiscal 2017: April 1, 2017 – March 31, 2018

(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)

	FY 2017	FY 2016
Net sales	2,042,216 [+8.5%]	1,882,991 [-3.0%]
Operating income	198,475 [+24.6%]	159,229 [-3.6%]
Ordinary income	212,544 [+32.3%]	160,633 [-0.5%]
Net income attributable to owners of the parent	170,248 [+48.0%]	115,000 [+25.3%]
Net income per share*	121.93	82.34
Diluted net income per share*	—	—
Net income/shareholders' equity	14.0%	10.5%
Ordinary income/total assets	8.7%	7.2%
Operating income/net sales	9.7%	8.5%

* Yen

Notes:

- Comprehensive income was ¥177,717 million during fiscal 2017, and ¥138,979 million during fiscal 2016.
- Equity in earnings of affiliates was ¥13,137 million during fiscal 2017, and ¥4,899 million during fiscal 2016.

2. Financial position

At fiscal year end March	2018	2017
Total assets	2,316,137	2,254,500
Net assets	1,305,214	1,168,115
Net worth/total assets	55.6%	51.1%
Net worth per share*	922.11	824.36

* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of March 31, 2018, was ¥1,287,387 million; as of March 31, 2017, ¥1,151,344 million.

3. Cash flows

	FY 2017	FY 2016
Cash flows from operating activities	249,891	168,965
Cash flows from investing activities	(110,294)	(89,920)
Cash flows from financing activities	(134,412)	(73,959)
Cash and cash equivalents at end of period	148,596	144,077

II. Cash Dividends

Fiscal year	Cash dividends per share*					Total annual dividend amount	Dividends/consolidated net income	Dividends/consolidated net worth
	Q1	Q2	Q3	Q4	Total annual			
2016	—	10.00	—	14.00	24.00	33,520	29.1%	3.1%
2017	—	14.00	—	20.00	34.00	47,484	27.9%	2.1%
2018 (forecast)	—	—	—	—	34.00		33.9%	

* Yen

III. Forecast for Fiscal 2018 (April 1, 2018 – March 31, 2019) (percent change from same period of previous year in brackets)

	For Q1–Q2	For the fiscal year
Net sales	1,037,000 [+7.5%]	2,155,000 [+5.5%]
Operating income	85,500 [−7.7%]	190,000 [−4.3%]
Ordinary income	90,500 [−7.8%]	199,000 [−6.4%]
Net income attributable to owners of the parent	62,500 [−11.8%]	140,000 [−17.8%]
Net income per share*	44.77	100.28

* Yen

Note:

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.

IV. Other Information

1. Changes in significant subsidiaries which affected scope of consolidation during the period: None.
2. Changes in accounting policies, changes in accounting estimates, and retroactive restatement: None.
3. Number of shares outstanding

	2018	2017
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	6,491,617	5,958,904
Average number of shares outstanding during period	1,396,322,137	1,396,714,882

V. Summary of Non-Consolidated Results

1. Results for fiscal 2016 (April 1, 2016 – March 31, 2017)

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

	FY 2017	FY 2016
Revenue	621,875 [+8.6]	572,645 [−]
Operating income	44,192 [+47.1%]	30,051 [−8.0%]
Ordinary income	94,163 [+18.9%]	79,182 [+126.1%]
Net income	84,284 [−57.6%]	198,660 [+396.0%]
Net income per share*	60.36	142.23
Diluted net income per share*	—	—

* Yen

(2) Financial position

At fiscal year end, March	2018	2017
Total assets	1,656,946	1,630,936
Net assets	758,254	706,307
Net worth/total assets	45.8%	43.3%
Net worth per share*	543.11	505.71

* Yen

VI. Overview of Consolidated Results

1. Consolidated group results

The global economy was generally favorable during fiscal 2017, although there were concerns of risks related to the US Trump administration's trade policy and the North Korean situation. Gradual recovery of the Japanese economy continued, supported by export growth, recovering capital investment, and firm consumer spending.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) increased by ¥159.2 billion from a year ago to ¥2,042.2 billion, operating income increased by ¥39.2 billion to ¥198.5 billion, and ordinary income increased by ¥51.9 billion to ¥212.5 billion with improved terms of trade in chemical operations in the Material segment, as well as generally firm sales overall. Net income attributable to owners of the parent increased by ¥55.2 billion to ¥170.2 billion with significant gain on sales of investment securities and lower total income taxes as an effect of the US tax reform.

2. Results by operating segment

The Asahi Kasei Group's operations are described by major business classification: three reportable segments of Material, Homes, and Health Care, together with an "Others" category. Beginning with the first quarter of fiscal 2017, the Energy Division, which was formerly included in Others, is reclassified into the Material segment. The figures for the year-ago period have been recalculated in accordance with the new classification for comparison purposes.

MATERIAL

Sales increased by ¥109.8 billion from a year ago to ¥1,087.7 billion, and operating income increased by ¥33.4 billion from a year ago to ¥121.9 billion.

Although fibers & textiles operations were impacted by higher feedstock costs, sales increased and operating income slightly increased with firm performance centered on Lamous™ microfiber suede for automotive interiors.

Among chemical operations, in petrochemicals, sales and operating income increased with improved market prices for acrylonitrile. Sales and operating income in performance polymers increased with improved terms of trade for synthetic rubber for fuel-efficient tires and greater shipments of engineering plastics for automotive parts. Sales and operating income in performance materials and consumables increased with greater shipments of ion-exchange membranes and electronic materials, and firm sales of Saran Wrap™ cling film.

Among electronics operations, sales and operating income in separators grew with considerably increased shipments of each battery separator product, centered on Li-ion battery separator. Sales and operating income in electronic devices increased with firm sales of camera module devices for smartphones and magnetic sensors for household appliances.

HOMES

Sales increased by ¥22.0 billion from a year ago to ¥641.0 billion, and operating income increased by ¥0.3 billion from a year ago to ¥64.4 billion.

Sales grew but operating income was flat in homes operations as unit prices increased centered on Hebel Maison™ apartment buildings, while labor costs and advertising expenses increased. Although the value of orders for unit homes decreased, the overall value of orders for order-built homes increased by 1.2% with growing orders for apartment buildings. Sales and

operating income in real estate, remodeling, and other operations increased with firm performance of rental management in real estate, and performance in remodeling on par with the previous year.

Sales increased but operating income decreased in construction materials operations as shipments of Neoma Foam™ phenolic foam insulation panels were firm, while higher feedstock costs had an impact.

HEALTH CARE

Sales increased by ¥26.1 billion from a year ago to ¥296.3 billion, and operating income increased by ¥7.5 billion from a year ago to ¥39.5 billion.

Shipments of Teribone™ osteoporosis drug increased, but sales and operating income in pharmaceutical operations decreased with lower shipments centering on Flivas™ agent for treatment of benign prostatic hyperplasia due to competition from generics.

Sales and operating income in medical devices operations increased with an effect of the weaker yen and firm performance of each business.

Sales and operating income in critical care operations grew with considerably increased shipments of defibrillators for professional use and firm performance of the LifeVest™ wearable defibrillator business.

OTHERS

Sales increased by ¥1.2 billion from a year ago to ¥17.3 billion, and operating income decreased by ¥0.1 billion from a year ago to ¥1.9 billion.

VII. Consolidated Financial Statements

1. Balance sheets

	At end of March 2017	At end of March 2018
Assets		
Current assets		
Cash and deposits	145,289	156,318
Notes and accounts receivable–trade	302,751	341,396
Merchandise and finished goods	159,395	169,948
Work in process	116,481	109,486
Raw materials and supplies	70,806	80,253
Deferred tax assets	20,279	20,032
Other	81,816	83,956
Allowance for doubtful accounts	(2,272)	(2,411)
Total current assets	894,545	958,978
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	508,713	517,562
Accumulated depreciation	(278,122)	(285,760)
Buildings and structures, net	230,590	231,802
Machinery, equipment and vehicles	1,376,029	1,399,081
Accumulated depreciation	(1,176,686)	(1,200,504)
Machinery, equipment and vehicles, net	199,343	198,577
Land	62,391	62,938
Lease assets	12,367	11,698
Accumulated depreciation	(11,381)	(10,901)
Lease assets, net	986	798
Construction in progress	45,958	50,502
Other	150,073	153,002
Accumulated depreciation	(132,460)	(135,571)
Other, net	17,613	17,431
Subtotal	556,881	562,048
Intangible assets		
Goodwill	285,622	252,724
Other	177,149	161,898
Subtotal	462,772	414,621
Investments and other assets		
Investment securities	284,137	314,830
Long-term loans receivable	18,918	27,793
Deferred tax assets	9,309	6,727
Other	28,154	31,406
Allowance for doubtful accounts	(215)	(266)
Subtotal	340,302	380,489
Total noncurrent assets	1,359,955	1,357,158
Total assets	2,254,500	2,316,137

	At end of March 2017	At end of March 2018
Liabilities		
Current liabilities		
Notes and accounts payable—trade	147,543	171,413
Short-term loans payable	113,475	118,018
Commercial paper	56,000	20,000
Current portion of bonds payable	20,000	—
Lease obligations	305	199
Accrued expenses	100,419	105,787
Income taxes payable	16,202	29,714
Advances received	72,882	70,142
Provision for grant of shares	—	28
Provision for periodic repairs	5,003	3,185
Provision for product warranties	2,461	2,730
Provision for removal cost of property, plant and equipment	1,800	2,425
Asset retirement obligations	572	557
Other	58,217	64,948
Total current liabilities	594,880	589,146
Noncurrent liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	192,584	143,176
Lease obligations	467	352
Deferred tax liabilities	59,759	45,622
Provision for grant of shares	—	172
Provision for periodic repairs	165	3,263
Provision for removal cost of property, plant and equipment	4,390	2,699
Provision for loss on litigation	2,162	—
Net defined benefit liability	178,368	170,634
Asset retirement obligations	3,436	3,282
Long-term guarantee deposits	20,479	20,658
Other	9,695	11,917
Total noncurrent liabilities	491,506	421,776
Total liabilities	1,086,385	1,010,922
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,443	79,440
Retained earnings	850,532	981,934
Treasury stock	(3,242)	(3,930)
Total shareholders' equity	1,030,122	1,160,833
Accumulated other comprehensive income		
Net unrealized gain on other securities	113,475	121,128
Deferred gains or losses on hedges	55	92
Foreign currency translation adjustment	40,831	28,676
Remeasurements of defined benefit plans	(33,140)	(23,343)
Total accumulated other comprehensive income	121,222	126,553
Non-controlling interests	16,771	17,827
Total net assets	1,168,115	1,305,214
Total liabilities and net assets	2,254,500	2,316,137

2. Statements of income and statements of comprehensive income

(1) Statements of income

	FY 2016	FY 2017
Net sales	1,882,991	2,042,216
Cost of sales	1,296,255	1,393,111
Gross profit	586,736	649,105
Selling, general and administrative expenses	427,506	450,630
Operating income	159,229	198,475
Non-operating income		
Interest income	1,425	2,078
Dividends income	5,170	6,626
Equity in earnings of affiliates	4,899	13,137
Other	3,854	5,961
Total non-operating income	15,347	27,802
Non-operating expenses		
Interest expense	4,435	4,594
Foreign exchange loss	1,228	2,971
Other	8,281	6,169
Total non-operating expenses	13,944	13,733
Ordinary income	160,633	212,544
Extraordinary income		
Gain on sales of investment securities	9,918	15,164
Gain on sales of noncurrent assets	165	534
Total extraordinary income	10,083	15,698
Extraordinary loss		
Loss on valuation of investment securities	101	31
Loss on disposal of noncurrent assets	4,863	6,261
Impairment losses	1,484	2,158
Business structure improvement expenses	6,189	1,460
Business integration expense	690	—
Total extraordinary loss	13,328	9,908
Income before income taxes	157,388	218,333
Income taxes—current	49,017	63,239
Income taxes—deferred	(8,293)	(17,095)
Total income taxes	40,724	46,143
Net income	116,663	172,190
Net income attributable to non-controlling interests	1,663	1,941
Net income attributable to owners of the parent	115,000	170,248

(2) Statements of comprehensive income

	FY 2016	FY 2017
Net income	116,663	172,190
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	21,177	7,651
Deferred gains or losses on hedges	234	37
Foreign currency translation adjustment	(8,020)	(12,252)
Remeasurements of defined benefit plans	8,114	9,735
Share of other comprehensive income of affiliates accounted for using equity method	810	356
Total other comprehensive income	22,315	5,528
Comprehensive income	138,979	177,717
Comprehensive income attributable to:		
Owners of the parent	137,045	175,557
Non-controlling interests	1,934	2,160

3. Statements of changes in net assets

	FY 2016	FY 2017
Shareholders' equity		
Capital stock		
Balance at beginning of fiscal year	103,389	103,389
Balance at end of fiscal year	103,389	103,389
Capital surplus		
Balance at beginning of fiscal year	79,410	79,443
Changes during the fiscal year		
Disposal of treasury stock	0	1
Capital increase of consolidated subsidiaries	33	(4)
Total changes of items during the period	33	(3)
Balance at end of fiscal year	79,443	79,440
Retained earnings		
Balance at beginning of fiscal year	763,076	850,532
Cumulative effect of changes in accounting policies	10	—
Restated balance	763,086	850,532
Changes during the fiscal year		
Dividends from surplus	(27,935)	(39,106)
Net income attributable to owners of the parent	115,000	170,248
Change of scope of consolidation	418	259
Change of scope of equity method	(37)	—
Total changes of items during the period	87,446	131,402
Balance at end of fiscal year	850,532	981,934
Treasury stock		
Balance at beginning of fiscal year	(3,150)	(3,242)
Changes during the fiscal year		
Purchase of treasury stock	(93)	(688)
Disposal of treasury stock	1	1
Total changes of items during the period	(92)	(687)
Balance at end of fiscal year	(3,242)	(3,930)
Total shareholders' equity		
Balance at beginning of fiscal year	942,724	1,030,122
Cumulative effect of changes in accounting policies	10	—
Restated balance	942,734	1,030,122
Changes during the fiscal year		
Dividends from surplus	(27,935)	(39,106)
Net income attributable to owners of the parent	115,000	170,248
Purchase of treasury stock	(93)	(688)
Disposal of treasury stock	1	2
Change of scope of consolidation	418	259
Change of scope of equity method	(37)	—
Capital increase of consolidated subsidiaries	33	(4)
Total changes of items during the period	87,388	130,711
Balance at end of fiscal year	1,030,122	1,160,833

	FY 2016	FY 2017
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of fiscal year	92,280	113,475
Changes during the fiscal year		
Net changes of items other than shareholders' equity	21,195	7,653
Total changes of items during the period	21,195	7,653
Balance at end of fiscal year	113,475	121,128
Deferred gains or losses on hedges		
Balance at beginning of fiscal year	(179)	55
Changes during the fiscal year		
Net changes of items other than shareholders' equity	234	37
Total changes of items during the period	234	37
Balance at end of fiscal year	55	92
Foreign currency translation adjustment		
Balance at beginning of fiscal year	48,429	40,831
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(7,597)	(12,155)
Total changes of items during the period	(7,597)	(12,155)
Balance at end of fiscal year	40,831	28,676
Remeasurements of defined benefit plans		
Balance at beginning of fiscal year	(41,353)	(33,140)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	8,213	9,797
Total changes of items during the period	8,213	9,797
Balance at end of fiscal year	(33,140)	(23,343)
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	99,177	121,222
Changes during the fiscal year		
Net changes of items other than shareholders' equity	22,045	5,331
Total changes of items during the period	22,045	5,331
Balance at end of fiscal year	121,222	126,553
Non-controlling interests		
Balance at beginning of fiscal year	15,498	16,771
Changes during the fiscal year		
Net changes of items other than shareholders' equity	1,273	1,057
Total changes of items during the period	1,273	1,057
Balance at end of fiscal year	16,771	17,827
Total net assets		
Balance at beginning of fiscal year	1,057,399	1,168,115
Cumulative effect of changes in accounting policies	10	—
Restated balance	1,057,409	1,168,115
Changes during the fiscal year		
Dividends from surplus	(27,935)	(39,106)
Net income attributable to owners of the parent	115,000	170,248
Purchase of treasury stock	(93)	(688)
Disposal of treasury stock	1	2
Change of scope of consolidation	418	259
Change of scope of equity method	(37)	—
Capital increase of consolidated subsidiaries	33	(4)
Net changes of items other than shareholders' equity	23,318	6,388
Total changes of items during the period	110,705	137,100
Balance at end of fiscal year	1,168,115	1,305,214

4. Statements of cash flows

	FY 2016	FY 2017
Cash flows from operating activities		
Income before income taxes	157,388	218,333
Depreciation and amortization	91,387	95,415
Impairment loss	1,484	2,158
Amortization of goodwill	17,806	18,048
Amortization of negative goodwill	(159)	(159)
Increase in provision for grant of shares	—	200
Increase in provision for periodic repairs	703	1,280
Increase in provision for product warranties	108	280
Decrease in provision for removal cost of property, plant and equipment	(3,168)	(1,066)
Decrease in provision for loss on litigation	—	(2,137)
Decrease in net defined benefit liability	(8,150)	(4,875)
Interest and dividend income	(6,595)	(8,704)
Interest expense	4,435	4,594
Equity in earnings of affiliates	(4,899)	(13,137)
Gain on sales of investment securities	(9,918)	(15,164)
Loss on valuation of investment securities	101	31
Gain on sale of property, plant and equipment	(165)	(534)
Loss on disposal of noncurrent assets	4,863	6,261
Increase in notes and accounts receivable–trade	(20,756)	(38,986)
Increase in inventories	(9,840)	(11,815)
Increase in notes and accounts payable–trade	18,619	23,020
Increase in accrued expenses	2,467	6,014
Decrease in advances received	(1,886)	(2,463)
Other, net	(6,721)	17,259
Subtotal	227,105	293,851
Interest and dividend income, received	7,733	10,267
Interest expense paid	(4,428)	(4,736)
Income taxes paid	(61,444)	(49,492)
Net cash provided by operating activities	168,965	249,891
Cash flows from investing activities		
Payments into time deposits	(4,105)	(9,508)
Proceeds from withdrawal of time deposits	5,232	3,012
Purchase of property, plant and equipment	(82,983)	(82,909)
Proceeds from sales of property, plant and equipment	3,178	1,601
Purchase of intangible assets	(8,810)	(13,363)
Purchase of investment securities	(9,846)	(11,564)
Proceeds from sales of investment securities	12,018	17,774
Payments of loans receivable	(5,218)	(45,261)
Collection of loans receivable	2,169	30,568
Other, net	(1,553)	(645)
Net cash used in investing activities	(89,920)	(110,294)

	FY 2016	FY 2017
Cash flows from financing activities		
Net decrease in short-term loans payable	(193,760)	(28,935)
Increase (decrease) in commercial paper	56,000	(36,000)
Proceeds from long-term loans payable	138,812	15,395
Repayment of long-term loans payable	(45,513)	(23,532)
Redemption of bonds	—	(20,000)
Repayments of lease obligations	(965)	(389)
Purchase of treasury stock	(93)	(688)
Proceeds from disposal of treasury stock	1	2
Cash dividends paid	(27,935)	(39,106)
Cash dividends paid to non-controlling interests	(712)	(1,141)
Other, net	207	(18)
Net cash provided by (used in) financing activities	(73,959)	(134,412)
Effect of exchange rate change on cash and cash equivalents	(6,759)	(937)
Net increase (decrease) in cash and cash equivalents	(1,673)	4,247
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	443	272
Cash and cash equivalents at end of period	144,077	148,596

VIII. Segment Information

1. Reporting segments

(1) Fiscal 2016

	Reporting segments				Others ¹	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	977,892	618,964	270,120	1,866,976	16,015	1,882,991
Intersegment	5,687	1,761	34	7,482	25,682	33,165
Total	983,579	620,725	270,154	1,874,458	41,698	1,916,156
Operating income	88,495	64,100	31,921	184,516	2,018	186,534
Assets	1,268,258	455,242	459,251	2,182,752	72,199	2,254,950
<i>Other items</i>						
Depreciation and amortization ²	54,188	9,411	18,187	81,787	1,285	83,072
Amortization of goodwill	8,766	—	8,780	17,546	260	17,806
Investments in associates accounted for using equity method	35,055	4,796	111	39,962	17,873	57,835
Increase in property, plant and equipment, and intangible assets	52,893	12,139	15,604	80,635	1,149	81,783

¹ Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

² Excluding amortization of goodwill.

(2) Fiscal 2017

	Reporting segments				Others ¹	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	1,087,720	640,988	296,258	2,024,966	17,251	2,042,216
Intersegment	5,014	39	34	5,086	27,557	32,643
Total	1,092,734	641,026	296,292	2,030,052	44,807	2,074,860
Operating income	121,925	64,357	39,464	225,746	1,870	227,616
Assets	1,332,202	483,342	450,846	2,266,390	78,427	2,344,817
<i>Other items</i>						
Depreciation and amortization ²	56,002	9,506	19,340	84,848	1,665	86,513
Amortization of goodwill	8,961	—	8,821	17,782	266	18,048
Investments in associates accounted for using equity method	45,020	12,318	450	57,788	17,172	74,961
Increase in property, plant and equipment, and intangible assets	59,814	18,431	12,186	90,431	1,226	91,657

¹ Plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

² Excluding amortization of goodwill.

2. Differences between total amounts of reporting segments and recorded amounts on consolidated financial statements

Sales	Fiscal 2016	Fiscal 2017
Total of reporting segments	1,874,458	2,030,052
Net sales in "Others" category	41,698	44,807
Elimination of intersegment transactions	(33,165)	(32,643)
Net sales on consolidated statements of income	1,882,991	2,042,216

Operating income	Fiscal 2016	Fiscal 2017
Total of reporting segments	184,516	225,746
Operating income in "Others" category	2,018	1,870
Elimination of intersegment transactions	220	381
Corporate expenses, etc.*	(27,525)	(29,522)
Operating income on consolidated statements of income	159,229	198,475

* Corporate expenses, etc. include corporate revenue, basic research expense, and group management expense, etc. which are not allocated to reporting segments.

Assets	Fiscal 2016	Fiscal 2017
Total of reporting segments	2,182,752	2,266,390
Assets in "Others" category	72,199	78,427
Elimination of intersegment transactions	(476,300)	(512,163)
Corporate assets*	475,850	483,482
Total assets on consolidated balance sheets	2,254,500	2,316,137

* Corporate assets include assets of Asahi Kasei Corp.—surplus operating funds (cash and deposits), long-term investment capital (investment securities, etc.), and land, etc.

IX. Geographic information

1. Fiscal 2016

(1) Net sales

Japan	United States	China	Other regions	Total
1,226,633	164,241	165,481	326,637	1,882,991

(2) Property, plant and equipment

Japan	United States	Other regions	Total
371,654	86,780	98,447	556,881

2. Fiscal 2017

(1) Net sales

Japan	United States	China	Other regions	Total
1,274,548	191,765	183,425	392,477	2,042,216

(2) Property, plant and equipment

Japan	United States	Other regions	Total
384,076	85,003	92,969	562,048

X. Important Subsequent Event

Business combination by purchase

1. Outline of business combination

(1) Name and nature of business of counterparty

Name of acquired company: Senseair AB

Nature of business: Manufacture and sale of NDIR gas sensor modules

(2) Main reasons for the acquisition

In addition to joint development through which Senseair's optical path design technology and manufacturing know-how for gas sensors is combined with the small, high-quality IR light emitting elements and detectors based on the core technology for compound semiconductors of consolidated subsidiary Asahi Kasei Microdevices Corp., the acquisition will make it possible for the two companies to more deeply integrate their technological knowledge and market networks, enabling an expansion of business activities in the market for air, gas, and alcohol sensors, where rapid growth is forecasted.

(3) Acquisition date

April 4, 2018

(4) Statutory form of business combination

Stock purchase for cash as consideration

(5) Name of company after transaction

Senseair AB

(6) Acquired voting right

Voting right before the acquisition: 8.1%

Additional voting right acquired as of the acquisition date: 91.9%

Voting right after the acquisition: 100%

(7) Basic means of materializing the acquisition

Stock purchase for cash as consideration by a consolidated subsidiary

2. Cost of acquisition and details

Stock purchase price: 0.4 billion Swedish krona (cash)

Purchase price: 0.4 billion Swedish krona

3. Amount of goodwill, measurement principle, amortization method, and useful life

Not determined at present