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

February 7, 2017

Consolidated Results for 1st to 3rd Quarter Fiscal 2016: April 1, 2016 – December 31, 2016

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

I. Summary of Consolidated Results

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

	Q1–Q3 2016	Q1–Q3 2015
Net sales	1,356,844 [−6.3%]	1,448,379 [−1.5%]
Operating income	114,134 [−9.9%]	126,644 [+6.7%]
Ordinary income	118,391 [−5.0%]	124,602 [−2.1%]
Net income attributable to owners of the parent	89,654 [+25.0%]	71,745 [−18.8%]
Net income per share*	64.19	51.36
Diluted net income per share*	—	—

* Yen

Note: Comprehensive income was ¥122,584 million during Q1–Q3 2016, and ¥62,770 million during Q1–Q3 2015.

2. Financial position

At end of	December 2016	March 2016
Total assets	2,340,654	2,211,729
Net assets	1,152,006	1,057,399
Net worth/total assets	48.5%	47.1%
Net worth per share*	812.91	745.94

* Yen

Notes:
- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of December 31, 2016, was ¥1,135,371 million; as of March 31, 2016, ¥1,041,901 million.

II. Cash Dividends

Fiscal year	Cash dividends per share* Q1	Q2	Q3	Q4	Total annual
2015	—	10.00	—	10.00	20.00
2016	—	10.00	—		
2016 (forecast)				10.00	20.00

* Yen

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

III. Forecast for Fiscal 2016 (April 1, 2016 – March 31, 2017)

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

	For the fiscal year
Net sales	1,870,000 [−3.7%]
Operating income	153,000 [−7.4%]
Ordinary income	154,000 [−4.6%]
Net income attributable to owners of the parent	106,000 [+15.5%]
Net income per share*	75.90

* Yen

2. Comparison of previous and revised fiscal 2016 forecasts

(billions of yen)

	Previous forecast	Revised forecast	Increase (decrease)	*cf.* fiscal 2015 results
Net sales	1,830.0	1,870.0	40.0	1,940.9
Operating income	145.0	153.0	8.0	165.2
Ordinary income	144.0	154.0	10.0	161.4
Net income attributable to owners of the parent	99.0	106.0	7.0	91.8

Notes:
- Performance forecasts are based on the best information available at this time, but actual results may diverge from these forecasts due to a variety of factors which cannot be foreseen.
- The forecast for fiscal 2016 announced on November 1, 2016, has been revised.

IV. Other Information

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

Asahi Kasei Chemicals Corp., a consolidated subsidiary and specified subsidiary of Asahi Kasei Corp., was dissolved by absorption in a merger with Asahi Kasei Corp. as the surviving company, and therefore eliminated from the scope of consolidation beginning with the first quarter of the fiscal year ending March 31, 2017.

Furthermore, although not specified subsidiaries, Asahi Kasei Fibers Corp. and Asahi Kasei E-materials Corp. were also dissolved by absorption in a merger with Asahi Kasei Corp. as the surviving company, and therefore similarly eliminated from the scope of consolidation.

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

Changes in accounting policy

Application of revised implementation guidance on recoverability of deferred tax assets:

The Accounting Standards Board of Japan (ASBJ) issued revised Guidance No. 26 “Implementation Guidance on Recoverability of Deferred Tax Assets.” This revised guidance is applied from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the method of accounting related to recoverability of deferred tax assets has been partially amended.

In accordance with the transitional accounting provisions set forth in Article 49, Paragraph 4, of the revised Guidance No. 26, the difference between the amount of deferred tax assets at the beginning of the first quarter of the fiscal year ending March 31, 2017, as calculated in accordance with the applicable provisions of Article 49, Paragraph 3, Items 1 through 3, of the revised Guidance No. 26, and the amount of deferred tax assets at the end of the fiscal year ended March 31, 2016, is added to retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2017.

The effect of this change on deferred tax assets (investments and other assets) and retained earnings at the beginning of the first quarter of the fiscal year ending March 31, 2017, is immaterial.

Application of practical solution on a change in depreciation method due to Tax Reform 2016:

The ASBJ issued Practical Issues Task Force (PITF) No. 32 “Practical Solution on a change in depreciation method due to Tax Reform 2016.” This practical solution is applied from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the method of depreciation of buildings and accompanying facilities and of structures is changed from the declining-balance method to the straight-line method.

The effect of this change on operating income, ordinary income, and income before income taxes during the first to third quarters of the fiscal year ending March 31, 2017, is immaterial.

4. Number of shares outstanding

	Q1–Q3 2016	FY 2015
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	5,932,846	5,861,678
Average number of shares outstanding during period	1,396,730,402	1,396,829,194*

* Q1–Q3 2015

V. Overview of Consolidated Results

1. Consolidated group results

During the April–December period of fiscal 2016, the outlook for the global economy remained obscure with increased political uncertainty related to the withdrawal of the UK from the EU and the result of the US presidential election, as well as concern of economic slowdown in emerging economies. Consumer spending in Japan showed signs of improvement, and the Japanese economy as a whole continued a path of gradual recovery.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) decreased by ¥91.5 billion (6.3%) from a year ago to ¥1,356.8 billion, operating income decreased by ¥12.5 billion (9.9%) to ¥114.1 billion, and ordinary income decreased by ¥6.2 billion (5.0%) to ¥118.4 billion with negative impacts from the stronger yen during the first half, reduced reimbursement prices in pharmaceutical operations, and amortization of goodwill, etc., as an effect of the acquisition of Polypore International, LP and its consolidated subsidiaries (collectively “Polypore”) in electronics operations. Net income attributable to owners of the parent increased by ¥17.9 billion (25.0%) to ¥89.7 billion with significant gain on sales of investment securities and lower total income taxes.

2. Results by operating segment

In April 2016, the Asahi Kasei Group reorganized its business portfolio together with the beginning of a new strategic management initiative. The previous four reportable segments of Chemicals & Fibers, Homes & Construction Materials, Electronics, and Health Care, together with an “Others” category, have been changed to the three reportable segments of Material, Homes, and Health Care, together with an “Others” category. The figures for the year-ago period have been recalculated in accordance with the new segment configuration for comparison purposes.

Material

Sales decreased by ¥63.1 billion (8.1%) from a year ago to ¥713.5 billion, and operating income decreased by ¥3.1 billion (4.6%) from a year ago to ¥63.2 billion.

In fibers & textiles, shipments of Bemberg™ cupro fiber, Lamous™ artificial suede, and Leona™ nylon 66 filament increased, but selling prices declined due to competition, and each product in fibers & textiles operations was impacted by the stronger yen.

Among chemical operations, in petrochemicals, shipments of styrene decreased following the strengthening of petrochemical operations in Japan, while terms of trade improved for acrylonitrile. Shipments of synthetic rubber for fuel-efficient tires and engineering plastics increased, but each product in performance polymers was impacted by the stronger yen. In performance materials and consumables, ion-exchange membranes were impacted by the stronger yen, but sales of electronic materials and Saran Wrap™ cling film were firm.

Among electronics operations, shipments of each battery separator product increased. While results of Polypore, consolidated from the second quarter of fiscal 2015, were included, significant amortization of goodwill, etc., was recorded, and the stronger yen had an impact. In electronic devices, shipments of audio devices for smartphones increased, but the stronger yen had an impact and upfront outsourcing expenses increased with growing shipments.

Homes

Sales decreased by ¥14.9 billion (3.4%) from a year ago to ¥427.0 billion, and operating income decreased by ¥5.5 billion (12.5%) from a year ago to ¥38.9 billion.

Among homes operations, in order-built homes, deliveries of Hebel Haus™ unit homes and Hebel Maison™ apartment buildings decreased as an effect of orders received during the previous period, while selling, general and administrative (SG&A) expenses such as advertising expenses increased. In remodeling, SG&A expenses such as labor costs increased, but in real estate, management of rental units was firm.

In construction materials operations, sales of Neoma™ phenolic foam insulation panels were firm, while shipments of autoclaved aerated concrete (AAC) and foundation systems decreased.

Health Care

Sales decreased by ¥15.0 billion (6.9%) from a year ago to ¥201.4 billion, and operating income decreased by ¥4.8 billion (15.2%) from a year ago to ¥26.9 billion.

Shipments of Teribone™ osteoporosis drug and Recomodulin™ recombinant thrombomodulin increased, but pharmaceuticals operations were impacted by reduced reimbursement prices, while Flivas™ agent for treatment of benign prostatic hyperplasia was impacted by competition from generics.

Shipments of Planova™ virus removal filters increased, but medical devices operations were impacted by the stronger yen and, in Japan, reduced reimbursement prices for dialysis-related products.

In critical care operations, on a local-currency basis, the LifeVest™ wearable defibrillator business continued to expand well, and sales of other products such as defibrillators and related accessories increased, but SG&A expenses grew with reinforced sales activity. The higher exchange value of the yen had an impact on the translation of results into consolidated accounts.

Others

Sales increased by ¥1.4 billion (10.5%) from a year ago to ¥15.0 billion, and operating income increased by ¥1.0 billion (27.9%) from a year ago to ¥4.4 billion.

VI. Consolidated Financial Statements

1. Balance sheets

	At end of March 2016	At end of Dec. 2016
Assets		
Current assets		
Cash and deposits	146,054	189,031
Notes and accounts receivable–trade	280,095	309,966
Short-term investment securities	1,534	—
Merchandise and finished goods	159,441	154,597
Work in process	108,684	136,628
Raw materials and supplies	68,618	69,178
Deferred tax assets	18,133	19,077
Other	75,324	78,460
Allowance for doubtful accounts	(1,865)	(2,335)
Total current assets	856,018	954,601
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	495,817	508,483
Accumulated depreciation	(268,635)	(276,100)
Buildings and structures, net	227,183	232,382
Machinery, equipment and vehicles	1,348,103	1,370,893
Accumulated depreciation	(1,149,544)	(1,171,284)
Machinery, equipment and vehicles, net	198,559	199,609
Land	61,046	62,985
Lease assets	12,928	12,445
Accumulated depreciation	(11,183)	(11,289)
Lease assets, net	1,745	1,155
Construction in progress	49,240	50,036
Other	147,286	149,779
Accumulated depreciation	(129,072)	(131,726)
Other, net	18,215	18,053
Subtotal	555,989	564,221
Intangible assets		
Goodwill	305,112	301,289
Other	189,470	185,185
Subtotal	494,582	486,475
Investments and other assets		
Investment securities	244,598	274,149
Long-term loans receivable	16,353	19,820
Deferred tax assets	20,098	13,338
Other	24,280	28,200
Allowance for doubtful accounts	(189)	(150)
Subtotal	305,140	335,357
Total noncurrent assets	1,355,711	1,386,053
Total assets	2,211,729	2,340,654

	At end of March 2016	At end of Dec. 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	126,653	166,347
Short-term loans payable	313,587	140,082
Commercial paper	—	91,000
Current portion of bonds payable	—	20,000
Lease obligations	919	417
Accrued expenses	98,717	84,855
Income taxes payable	32,735	24,975
Advances received	74,667	84,879
Provision for periodic repairs	3,908	4,297
Provision for product warranties	2,355	2,423
Provision for removal cost of property, plant and equipment	2,130	1,917
Asset retirement obligations	568	592
Other	69,423	65,140
Total current liabilities	725,662	686,923
Noncurrent liabilities		
Bonds payable	40,000	20,000
Long-term loans payable	94,632	197,390
Lease obligations	537	514
Deferred tax liabilities	64,930	62,067
Provision for periodic repairs	558	—
Provision for removal cost of property, plant and equipment	7,228	4,741
Provision for loss on litigation	2,171	2,245
Net defined benefit liability	186,300	181,359
Asset retirement obligations	3,480	3,525
Long-term guarantee deposits	20,131	20,200
Other	8,702	9,683
Total noncurrent liabilities	428,669	501,725
Total liabilities	1,154,330	1,188,648
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,410	79,427
Retained earnings	763,076	825,186
Treasury stock	(3,150)	(3,215)
Total shareholders' equity	942,724	1,004,787
Accumulated other comprehensive income		
Net unrealized gain on other securities	92,280	108,890
Deferred gains or losses on hedges	(179)	8
Foreign currency translation adjustment	48,429	56,768
Remeasurements of defined benefit plans	(41,353)	(35,082)
Total accumulated other comprehensive income	99,177	130,585
Non-controlling interests	15,498	16,634
Total net assets	1,057,399	1,152,006
Total liabilities and net assets	2,211,729	2,340,654

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1–Q3 2015	Q1–Q3 2016
Net sales	1,448,379	1,356,844
Cost of sales	1,010,428	928,669
Gross profit	437,951	428,175
Selling, general and administrative expenses	311,307	314,041
Operating income	126,644	114,134
Non-operating income		
Interest income	1,064	1,012
Dividends income	3,731	4,053
Equity in earnings of affiliates	—	2,603
Foreign exchange gains	—	303
Other	2,805	2,694
Total non-operating income	7,600	10,664
Non-operating expenses		
Interest expense	2,639	3,287
Equity in losses of affiliates	1,889	—
Foreign exchange loss	958	—
Other	4,155	3,121
Total non-operating expenses	9,642	6,408
Ordinary income	124,602	118,391
Extraordinary income		
Gain on sales of investment securities	45	9,865
Gain on sales of noncurrent assets	232	63
Total extraordinary income	277	9,928
Extraordinary loss		
Loss on valuation of investment securities	250	45
Loss on disposal of noncurrent assets	2,438	2,295
Impairment losses	2,340	53
Business structure improvement expenses	1,248	3,818
Litigation settlement	1,217	—
Loss on piling business	1,264	—
Business integration expense	926	681
Special retirement expenses and other	2,053	—
Total extraordinary loss	11,737	6,892
Income before income taxes	113,142	121,426
Total income taxes	40,286	30,446
Net income	72,857	90,980
Net income attributable to non-controlling interests	1,112	1,326
Net income attributable to owners of the parent	71,745	89,654

2) Statements of comprehensive income

	Q1–Q3 2015	Q1–Q3 2016
Net income	72,857	90,980
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	1,590	16,567
Deferred gains or losses on hedges	1,444	187
Foreign currency translation adjustment	(12,679)	8,229
Remeasurements of defined benefit plans	1,770	6,304
Share of other comprehensive income of affiliates accounted for using equity method	(2,211)	317
Total other comprehensive income	(10,086)	31,604
Comprehensive income	62,770	122,584
Comprehensive income attributable to:		
Owners of the parent	62,145	121,061
Non-controlling interests	626	1,523

3. Statements of cash flows

	Q1–Q3 2015	Q1–Q3 2016
Cash flows from operating activities		
Income before income taxes	113,142	121,426
Depreciation and amortization	68,728	66,802
Impairment loss	2,340	53
Amortization of goodwill	11,037	13,113
Amortization of negative goodwill	(119)	(119)
Increase (decrease) in provision for periodic repairs	185	(168)
(Decrease) increase in provision for product warranties	(144)	61
Decrease in provision for removal cost of property, plant and equipment	(1,808)	(2,701)
Decrease in net defined benefit liability	(3,558)	(5,211)
Interest and dividend income	(4,795)	(5,065)
Interest expense	2,639	3,287
Equity in losses (earnings) of affiliates	1,889	(2,603)
Gain on sales of investment securities	(45)	(9,865)
Loss on valuation of investment securities	250	45
Gain on sale of property, plant and equipment	(232)	(63)
Loss on disposal of noncurrent assets	2,438	2,295
Decrease (increase) in notes and accounts receivable–trade	12,168	(25,784)
Increase in inventories	(16,792)	(22,189)
Increase in notes and accounts payable–trade	13,359	36,082
Decrease in accrued expenses	(17,787)	(14,333)
Increase in advances received	9,473	9,903
Other, net	(14,231)	(1,038)
Subtotal	178,139	163,930
Interest and dividend income, received	6,146	6,537
Interest expense paid	(2,403)	(2,697)
Income taxes paid	(56,089)	(44,104)
Net cash provided by operating activities	125,794	123,666
Cash flows from investing activities		
Payments into time deposits	(5,771)	(3,492)
Proceeds from withdrawal of time deposits	14,713	4,574
Purchase of property, plant and equipment	(61,067)	(59,181)
Proceeds from sales of property, plant and equipment	261	2,572
Purchase of intangible assets	(8,532)	(6,876)
Purchase of investment securities	(4,553)	(8,022)
Proceeds from sales of investment securities	195	11,687
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(193,680)	—
Payments for transfer of business	(200)	—
Payments of loans receivable	(3,689)	(5,054)
Collection of loans receivable	2,328	1,815
Other, net	(986)	(1,134)
Net cash used in investing activities	(260,982)	(63,110)

	Q1–Q3 2015	Q1–Q3 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	274,804	(181,107)
Increase in commercial paper	33,000	91,000
Proceeds from long-term loans payable	4,835	127,251
Repayment of long-term loans payable	(85,372)	(21,204)
Repayments of lease obligations	(1,126)	(798)
Purchase of treasury stock	(100)	(65)
Proceeds from disposal of treasury stock	6	1
Cash dividends paid	(27,937)	(27,935)
Cash dividends paid to non-controlling interests	(691)	(696)
Other, net	345	109
Net cash provided by (used in) financing activities	197,763	(13,444)
Effect of exchange rate change on cash and cash equivalents	(6,110)	(5,101)
Net increase in cash and cash equivalents	56,465	42,011
Cash and cash equivalents at beginning of period	112,297	145,307
Increase in cash and cash equivalents resulting from changes in scope of consolidation	6,273	443
Cash and cash equivalents at end of period	175,036	187,761

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.

VII. Additional Information

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

Note: In April 2016, the Asahi Kasei Group reorganized its business portfolio together with the beginning of a new strategic management initiative. The previous four reportable segments of Chemicals & Fibers, Homes & Construction Materials, Electronics, and Health Care, together with an "Others" category, have been changed to the three reportable segments of Material, Homes, and Health Care, together with an "Others" category. The figures for the year-ago period have been recalculated in accordance with the new segment configuration for comparison purposes.

1) Consolidated net sales by segment

(billions of yen)

		Q1–Q3 2015	Q1–Q3 2016	Increase (decrease)	Fiscal 2016 forecast
	Fibers	100.6	93.7	(6.9)	125.0
	Chemicals	587.1	516.6	(70.5)	694.0
	Electronics	88.9	103.3	14.3	139.0
Material		776.6	713.5	(63.1)	958.0
	Homes	402.4	390.3	(12.2)	571.0
	Construction Materials	39.4	36.7	(2.7)	49.0
Homes		441.9	427.0	(14.9)	620.0
	Health Care	112.4	102.1	(10.3)	134.0
	Critical Care	103.9	99.2	(4.6)	136.0
Health Care		216.3	201.4	(15.0)	270.0
Others		13.6	15.0	1.4	22.0
Total		1,448.4	1,356.8	(91.5)	1,870.0

2) Consolidated operating income by segment

(billions of yen)

		Q1–Q3 2015	Q1–Q3 2016	Increase (decrease)	Fiscal 2016 forecast
	Fibers	11.4	9.3	(2.1)	12.0
	Chemicals	49.8	52.5	2.7	65.5
	Electronics	5.1	1.4	(3.7)	1.0
Material		66.3	63.2	(3.1)	78.5
	Homes	39.9	35.4	(4.5)	59.0
	Construction Materials	5.2	3.7	(1.6)	4.5
Homes		44.4	38.9	(5.5)	63.5
	Health Care	23.6	16.1	(7.5)	17.5
	Critical Care	8.2	10.8	2.6	15.0
Health Care		31.8	26.9	(4.8)	32.5
Others		3.5	4.4	1.0	5.0
Combined		145.9	133.5	(12.5)	179.5
Corporate expenses and eliminations		(19.3)	(19.3)	(0.0)	(26.5)
Total		126.6	114.1	(12.5)	153.0

Note: Figures for operating income by business category within segments include intrasegment transactions which are eliminated from the segment totals.

2. Operating income increases/decreases by segment

(billions of yen)

		Increase (decrease) due to:				
		Sales volume	Sales prices [*of which,*	*due to foreign exchange*]	Operating costs and others	Net increase (decrease)
	Fibers	0.8	(5.0)	*(2.4)*	2.1	(2.1)
	Chemicals	0.9	(41.5)	*(20.8)*	43.2	2.7
	Electronics	5.8	(9.1)	*(4.5)*	(0.3)	(3.7)
Material		7.5	(55.6)	*(27.8)*	45.0	(3.1)
	Homes	(1.6)	1.9	—	(4.8)	(4.5)
	Construction Materials	(1.0)	(0.3)	—	(0.2)	(1.6)
Homes		(2.6)	1.6	—	(4.5)	(5.5)
	Health Care	0.5	(9.9)	*(3.2)*	1.9	(7.5)
	Critical Care	5.2	1.3	*(0.1)*	(3.9)	2.6
Health Care		5.8	(8.6)	*(3.3)*	(2.0)	(4.8)
Others		0.1	—	—	0.9	1.0
Subtotal		10.8	(62.6)	*(31.0)*	39.3	(12.5)
Corporate expenses and eliminations		—	—	—	(0.0)	(0.0)
Consolidated		10.8	(62.6)	*(31.0)*	39.3	(12.5)

3. Major financial metrics (consolidated)

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

	Q1–Q3 2015	Q1–Q3 2016	Fiscal 2016 forecast
Capital expenditure (tangible)	62.8	61.0	91.0
Capital expenditure (intangible)	7.7	6.7	9.0
Depreciation and amortization*	68.7	66.8	96.0
R&D expenses	57.7	58.4	87.0
Balance of payments	2.1	1.7	
of which, dividends received	*(3.7)*	*(4.1)*	
Employees at end of period	32,873	33,718	
D/E ratio	0.50	0.41	

* Excluding amortization of goodwill.

4. Contract trends for home construction operations

	Q1–Q3 2015	Q1–Q3 2016	Increase (decrease)	Fiscal 2016 forecast
No. of orders received (home units)	13,253	12,424	(829)	17,310
Value of orders received (¥ billion)	302.1	296.1	(6.0)	408.0
Backlog of orders (¥ billion)	546.9	542.7	(4.3)	523.1
No. of sales (home units)	11,726	11,196	(530)	17,020
Value of sales (¥ billion)	269.6	266.5	(3.1)	398.0

5. Key operating factors

		Q1–Q3 2015	Q1–Q3 2016	Increase (decrease)	Fiscal 2016 forecast
Naphtha price (yen/kL, domestic)		45,600	32,300	(13,300)	34,725
Exchange rates (market average)	Yen/US$	122	107	(15)	108
	Yen/€	134	118	(16)	119

6. Interest-bearing debt (consolidated)

(billions of yen)

	At end of March 2016	At end of Dec. 2016	Increase (decrease)
Short-term loans payable	313.6	140.1	(173.5)
Commercial paper	—	91.0	91.0
Current portion of bonds payable	—	20.0	20.0
Bonds payable	40.0	20.0	(20.0)
Long-term loans payable	94.6	197.4	102.8
Lease obligations	1.5	0.9	(0.5)
Total	449.7	469.4	19.7