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

November 1, 2016

Consolidated Results for 1st and 2nd Quarter Fiscal 2016: April 1, 2016 – September 30, 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–Q2 2016	Q1–Q2 2015
Net sales	890,723 [−7.0%]	957,434 [−1.0%]
Operating income	70,765 [−16.2%]	84,439 [+19.1%]
Ordinary income	69,864 [−14.2%]	81,444 [+9.8%]
Net income attributable to owners of the parent	52,914 [+12.2%]	47,165 [−4.8%]
Net income per share*	37.88	33.77
Diluted net income per share*	—	—

* Yen

Note: Comprehensive income was ¥(7,021) million during Q1–Q2 2016, and ¥26,867 million during Q1–Q2 2015.

2. Financial position

At end of	September 2016	March 2016
Total assets	2,117,133	2,211,729
Net assets	1,036,315	1,057,399
Net worth/total assets	48.2%	47.1%
Net worth per share*	731.05	745.94

* Yen

Notes:
- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of September 30, 2016, was ¥1,021,071 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	1,830,000 [−5.7%]
Operating income	145,000 [−12.2%]
Ordinary income	144,000 [−10.8%]
Net income attributable to owners of the parent	99,000 [+7.9%]
Net income per share*	70.88

* 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	1,910.0	1,830.0	(80.0)	1,940.9
Operating income	145.0	145.0	−	165.2
Ordinary income	143.0	144.0	1.0	161.4
Net income attributable to owners of the parent	92.0	99.0	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 May 11, 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 quarter of the fiscal year ending March 31, 2017, is immaterial.

4. Number of shares outstanding

	Q1−Q2 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	5,894,263	5,861,678
Average number of shares outstanding during period	1,396,740,661	1,396,844,291*

* Q1−Q2 2015

V. Overview of Consolidated Results

1. Consolidated group results

Although the global economy generally continued on a path of gradual recovery during the April–September period of fiscal 2016, sources of concern included the effect of the UK referendum to withdraw from the EU as well as slowing economic growth in China and other emerging economies. While consumer spending in Japan showed signs of firmness, uncertainty in the Japanese economy continued due to the strong yen and an increasingly obscure outlook for the global economy.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) decreased by ¥66.7 billion (7.0%) from a year ago to ¥890.7 billion, operating income decreased by ¥13.7 billion (16.2%) to ¥70.8 billion, and ordinary income decreased by ¥11.6 billion (14.2%) to ¥69.9 billion with negative impacts from the stronger yen, amortization of goodwill, etc., as an effect of the acquisition of Polypore International, LP and its consolidated subsidiaries (collectively "Polypore") in electronics operations, and reduced reimbursement prices in pharmaceutical operations. Net income attributable to owners of the parent increased by ¥5.7 billion (12.2%) to ¥52.9 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 ¥59.9 billion (11.5%) from a year ago to ¥461.7 billion, and operating income decreased by ¥10.6 billion (22.0%) from a year ago to ¥37.4 billion.

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, terms of trade improved most notably for acrylonitrile, but shipments of styrene decreased. Shipments of synthetic rubber for fuel-efficient tires 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 Saran Wrap™ cling film were firm.

Among electronics operations, in separators, shipments of Hipore™ lithium-ion battery separator 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 shipments of electronic compasses decreased.

HOMES

Sales increased by ¥3.8 billion (1.4%) from a year ago to ¥287.5 billion, and operating income decreased by ¥0.5 billion (1.9%) from a year ago to ¥26.5 billion.

Among homes operations, in order-built homes, deliveries of Hebel Haus™ unit homes and Hebel Maison™ apartment buildings proceeded smoothly, but 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, although sales of Neoma™ phenolic foam insulation panels were firm, shipments decreased for autoclaved aerated concrete (AAC) and foundation systems.

HEALTH CARE

Sales decreased by ¥11.0 billion (7.7%) from a year ago to ¥132.3 billion, and operating income decreased by ¥3.1 billion (15.2%) from a year ago to ¥17.6 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 ¥0.4 billion (4.4%) from a year ago to ¥9.3 billion, and operating income increased by ¥0.2 billion (7.2%) from a year ago to ¥2.4 billion.

VI. Consolidated Financial Statements

1. Balance sheets

	At end of March 2016	At end of Sept. 2016
Assets		
Current assets		
Cash and deposits	146,054	135,308
Notes and accounts receivable–trade	280,095	271,975
Short-term investment securities	1,534	—
Merchandise and finished goods	159,441	149,440
Work in process	108,684	120,408
Raw materials and supplies	68,618	67,106
Deferred tax assets	18,133	18,647
Other	75,324	67,824
Allowance for doubtful accounts	(1,865)	(2,202)
Total current assets	856,018	828,506
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	495,817	498,020
Accumulated depreciation	(268,635)	(271,371)
Buildings and structures, net	227,183	226,649
Machinery, equipment and vehicles	1,348,103	1,341,127
Accumulated depreciation	(1,149,544)	(1,151,854)
Machinery, equipment and vehicles, net	198,559	189,273
Land	61,046	62,272
Lease assets	12,928	12,706
Accumulated depreciation	(11,183)	(11,477)
Lease assets, net	1,745	1,229
Construction in progress	49,240	47,882
Other	147,286	147,470
Accumulated depreciation	(129,072)	(129,631)
Other, net	18,215	17,839
Subtotal	555,989	545,144
Intangible assets		
Goodwill	305,112	265,601
Other	189,470	168,006
Subtotal	494,582	433,607
Investments and other assets		
Investment securities	244,598	247,766
Long-term loans receivable	16,353	16,289
Deferred tax assets	20,098	19,558
Other	24,280	26,441
Allowance for doubtful accounts	(189)	(178)
Subtotal	305,140	309,876
Total noncurrent assets	1,355,711	1,288,627
Total assets	2,211,729	2,117,133

	At end of March 2016	At end of Sept. 2016
Liabilities		
Current liabilities		
Notes and accounts payable–trade	126,653	131,430
Short-term loans payable	313,587	140,229
Commercial paper	—	34,000
Current portion of bonds payable	—	20,000
Lease obligations	919	561
Accrued expenses	98,717	90,839
Income taxes payable	32,735	27,293
Advances received	74,667	79,589
Provision for periodic repairs	3,908	3,568
Provision for product warranties	2,355	2,378
Provision for removal cost of property, plant and equipment	2,130	2,014
Asset retirement obligations	568	608
Other	69,423	64,084
Total current liabilities	725,662	596,592
Noncurrent liabilities		
Bonds payable	40,000	20,000
Long-term loans payable	94,632	187,680
Lease obligations	537	459
Deferred tax liabilities	64,930	53,249
Provision for periodic repairs	558	163
Provision for removal cost of property, plant and equipment	7,228	5,090
Provision for loss on litigation	2,171	1,948
Net defined benefit liability	186,300	183,129
Asset retirement obligations	3,480	3,208
Long-term guarantee deposits	20,131	20,160
Other	8,702	9,139
Total noncurrent liabilities	428,669	484,226
Total liabilities	1,154,330	1,080,818
Net assets		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,410	79,410
Retained earnings	763,076	802,413
Treasury stock	(3,150)	(3,176)
Total shareholders' equity	942,724	982,036
Accumulated other comprehensive income		
Net unrealized gain on other securities	92,280	92,987
Deferred gains or losses on hedges	(179)	(263)
Foreign currency translation adjustment	48,429	(16,735)
Remeasurements of defined benefit plans	(41,353)	(36,954)
Total accumulated other comprehensive income	99,177	39,036
Non-controlling interests	15,498	15,243
Total net assets	1,057,399	1,036,315
Total liabilities and net assets	2,211,729	2,117,133

2. Statements of income and statements of comprehensive income

1) Statements of income

	Q1−Q2 2015	Q1−Q2 2016
Net sales	957,434	890,723
Cost of sales	667,380	610,899
Gross profit	290,053	279,824
Selling, general and administrative expenses	205,614	209,059
Operating income	84,439	70,765
Non-operating income		
Interest income	724	625
Dividends income	2,585	2,657
Equity in earnings of affiliates	—	1,318
Other	1,546	2,155
Total non-operating income	4,854	6,755
Non-operating expenses		
Interest expense	1,696	2,133
Equity in losses of affiliates	1,848	—
Foreign exchange loss	796	3,297
Other	3,509	2,227
Total non-operating expenses	7,849	7,657
Ordinary income	81,444	69,864
Extraordinary income		
Gain on sales of investment securities	25	3,887
Gain on sales of noncurrent assets	96	18
Total extraordinary income	122	3,905
Extraordinary loss		
Loss on valuation of investment securities	250	—
Loss on disposal of noncurrent assets	1,514	1,339
Impairment losses	381	46
Business structure improvement expenses	571	1,016
Provision for loss on litigation	2,901	—
Business integration expense	—	658
Total extraordinary loss	5,618	3,059
Income before income taxes	75,948	70,710
Total income taxes	28,279	16,967
Net income	47,669	53,743
Net income attributable to non-controlling interests	504	829
Net income attributable to owners of the parent	47,165	52,914

2) Statements of comprehensive income

	Q1−Q2 2015	Q1−Q2 2016
Net income	47,669	53,743
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(8,472)	695
Deferred gains or losses on hedges	1,427	(84)
Foreign currency translation adjustment	(12,602)	(63,955)
Remeasurements of defined benefit plans	1,178	4,421
Share of other comprehensive income of affiliates accounted for using equity method	(2,333)	(1,841)
Total other comprehensive income	(20,802)	(60,764)
Comprehensive income	26,867	(7,021)
Comprehensive income attributable to:		
Owners of the parent	26,897	(7,228)
Non-controlling interests	(31)	207

3. Statements of cash flows

	Q1−Q2 2015	Q1−Q2 2016
Cash flows from operating activities		
Income before income taxes	75,948	70,710
Depreciation and amortization	44,143	43,672
Impairment loss	381	46
Amortization of goodwill	6,042	8,627
Amortization of negative goodwill	(79)	(79)
Decrease in provision for periodic repairs	(139)	(732)
(Decrease) increase in provision for product warranties	(140)	46
Decrease in provision for removal cost of property, plant and equipment	(1,456)	(2,254)
Increase in provision for loss on litigation	2,901	—
Decrease in net defined benefit liability	(2,164)	(3,003)
Interest and dividend income	(3,309)	(3,282)
Interest expense	1,696	2,133
Equity in earnings (losses) of affiliates	1,848	(1,318)
Gain on sales of investment securities	(25)	(3,887)
Loss on valuation of investment securities	250	—
Gain on sale of property, plant and equipment	(96)	(18)
Loss on disposal of noncurrent assets	1,514	1,339
Decrease in notes and accounts receivable–trade	25,426	2,303
Increase in inventories	(20,481)	(6,916)
(Decrease) increase in notes and accounts payable–trade	(4,397)	7,473
Decrease in accrued expenses	(10,731)	(5,637)
Increase in advances received	10,209	5,324
Other, net	4,208	0
Subtotal	131,550	114,547
Interest and dividend income, received	4,441	4,510
Interest expense paid	(1,669)	(2,073)
Income taxes paid	(22,295)	(26,564)
Net cash provided by operating activities	112,027	90,420
Cash flows from investing activities		
Payments into time deposits	(3,671)	(3,024)
Proceeds from withdrawal of time deposits	10,430	2,236
Purchase of property, plant and equipment	(41,627)	(43,065)
Proceeds from sales of property, plant and equipment	249	2,198
Purchase of intangible assets	(4,698)	(3,910)
Purchase of investment securities	(1,523)	(6,588)
Proceeds from sales of investment securities	176	4,478
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(194,431)	—
Payments for transfer of business	(200)	—
Payments of loans receivable	(1,776)	(3,772)
Collection of loans receivable	1,796	1,541
Other, net	(251)	(642)
Net cash used in investing activities	(235,525)	(50,548)

	Q1−Q2 2015	Q1−Q2 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	247,742	(178,354)
Increase in commercial paper	12,000	34,000
Proceeds from long-term loans payable	4,145	127,234
Repayment of long-term loans payable	(83,737)	(11,069)
Repayments of lease obligations	(779)	(569)
Purchase of treasury stock	(62)	(26)
Proceeds from disposal of treasury stock	5	1
Cash dividends paid	(13,969)	(13,968)
Cash dividends paid to non-controlling interests	(559)	(627)
Other, net	260	25
Net cash used in financing activities	165,044	(43,353)
Effect of exchange rate change on cash and cash equivalents	(4,067)	(9,954)
Net increase (decrease) in cash and cash equivalents	37,480	(13,435)
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	156,051	132,315

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−Q2 2015	Q1−Q2 2016	Increase (decrease)	Fiscal 2016 forecast
	Fibers	66.8	62.3	(4.6)	125.0
	Chemicals	401.3	332.5	(68.8)	666.0
	Electronics	53.4	66.9	13.5	132.0
Material		521.6	461.7	(59.9)	923.0
	Homes	258.0	264.8	6.8	570.0
	Construction Materials	25.6	22.6	(3.0)	50.0
Homes		283.6	287.5	3.8	620.0
	Health Care	75.6	67.8	(7.8)	133.0
	Critical Care	67.7	64.5	(3.3)	132.0
Health Care		143.3	132.3	(11.0)	265.0
Others		8.9	9.3	(0.4)	22.0
Total		957.4	890.7	(66.7)	1,830.0

2) Consolidated operating income (loss) by segment

(billions of yen)

		Q1−Q2 2015	Q1−Q2 2016	Increase (decrease)	Fiscal 2016 forecast
	Fibers	7.4	6.0	(1.4)	12.0
	Chemicals	34.2	31.7	(2.5)	62.0
	Electronics	6.4	(0.3)	(6.7)	(2.0)
Material		48.0	37.4	(10.6)	72.0
	Homes	24.4	24.6	0.2	61.0
	Construction Materials	3.1	1.8	(1.3)	4.0
Homes		27.0	26.5	(0.5)	65.0
	Health Care	15.9	10.7	(5.2)	15.5
	Critical Care	4.8	6.8	2.0	14.5
Health Care		20.7	17.6	(3.1)	30.0
Others		2.2	2.4	0.2	4.0
Combined		97.9	83.8	(14.1)	171.0
Corporate expenses and eliminations		(13.5)	(13.1)	0.4	(26.0)
Total		84.4	70.8	(13.7)	145.0

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	0.4	(3.6)	*(1.7)*	1.8	(1.4)
	Chemicals	(0.9)	(36.4)	*(15.4)*	34.8	(2.5)
	Electronics	3.2	(5.4)	*(3.4)*	(4.5)	(6.7)
Material		2.7	(45.4)	*(20.6)*	32.1	(10.6)
	Homes	(0.5)	2.3	—	(1.6)	0.2
	Construction Materials	(1.0)	(0.1)	—	(0.1)	(1.3)
Homes		(1.6)	2.2	—	(1.1)	(0.5)
	Health Care	0.1	(6.7)	*(2.5)*	1.5	(5.2)
	Critical Care	4.3	0.2	*0.0*	(2.5)	2.0
Health Care		4.4	(6.5)	*(2.4)*	(1.0)	(3.1)
Others		(0.5)	—	—	0.7	0.2
Subtotal		5.0	(49.7)	*(23.0)*	30.6	(14.1)
Corporate expenses and eliminations		—	—	—	0.4	0.4
Consolidated		5.0	(49.7)	*(23.0)*	31.0	(13.7)

3. Major financial metrics (consolidated)

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

	Q1−Q2 2015	Q1−Q2 2016	Fiscal 2016 forecast
Capital expenditure (tangible)	38.3	43.1	91.0
Capital expenditure (intangible)	3.9	4.4	9.0
Depreciation and amortization*	44.1	43.7	96.0
R&D expenses	38.7	38.3	87.0
Balance of payments	1.6	1.1	
of which, dividends received	*(2.6)*	*(2.7)*	
Employees at end of period	32,790	33,723	
D/E ratio	0.47	0.39	

* Excluding amortization of goodwill.

4. Contract trends for home construction operations

	Q1−Q2 2015	Q1−Q2 2016	Increase (decrease)	Fiscal 2016 forecast
No. of orders received (home units)	9,614	8,683	(931)	17,250
Value of orders received (¥ billion)	217.3	206.6	(10.7)	408.0
Backlog of orders (¥ billion)	554.6	538.8	(15.8)	525.1
No. of sales (home units)	7,705	7,697	(8)	16,690
Value of sales (¥ billion)	177.2	180.9	3.8	396.0

5. Key operating factors

		Q1−Q2 2015	Q1−Q2 2016	Increase (decrease)	Fiscal 2016 forecast
Naphtha price (yen/kL, domestic)		48,000	31,450	(16,550)	33,225
Exchange rates (market average)	Yen/US$	122	105	(16)	103
	Yen/€	135	118	(17)	114

6. Interest-bearing debt (consolidated)

(billions of yen)

	At end of March 2016	At end of Sept. 2016	Increase (decrease)
Short-term loans payable	313.6	140.2	(173.4)
Commercial paper	—	34.0	34.0
Current portion of bonds payable	—	20.0	20.0
Long-term loans payable	94.6	187.7	93.0
Bonds payable	40.0	20.0	(20.0)
Lease obligations	1.5	1.0	(0.4)
Total	449.7	402.9	(46.7)