

**Asahi Kasei Corporation**

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## Consolidated Results for Fiscal 2016: April 1, 2016 – March 31, 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)

	FY 2016	FY 2015
Net sales	1,882,991 [-3.0%]	1,940,914 [-2.3%]
Operating income	159,229 [-3.6%]	165,203 [+4.6%]
Ordinary income	160,633 [-0.5%]	161,370 [-3.1%]
Net income attributable to owners of the parent	115,000 [+25.3%]	91,754 [-13.2%]
Net income per share*	82.34	65.69
Diluted net income per share*	—	—
Net income/shareholders' equity	10.5%	8.6%
Ordinary income/total assets	7.2%	7.6%
Operating income/net sales	8.5%	8.5%

\* Yen

Notes:

- Comprehensive income was ¥138,979 million during fiscal 2016, and ¥(11,925) million during fiscal 2015.
- Equity in earnings (losses) of affiliates was ¥4,899 million during fiscal 2016, and ¥(854) million during fiscal 2015.

## 2. Financial position

At fiscal year end March	2017	2016
Total assets	2,254,500	2,211,729
Net assets	1,168,115	1,057,399
Net worth/total assets	51.1%	47.1%
Net worth per share*	824.36	745.94

\* Yen

Notes:

- Net worth consists of shareholders' equity and accumulated other comprehensive income.
- Net worth as of March 31, 2017, was ¥1,151,344 million; as of March 31, 2016, ¥1,041,901 million.

## 3. Cash flows

	FY 2016	FY 2015
Cash flows from operating activities	168,965	216,218
Cash flows from investing activities	(89,920)	(285,287)
Cash flows from financing activities	(73,959)	101,365
Cash and cash equivalents at end of period	144,077	145,307

## 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			
2015	—	10.00	—	10.00	20.00	27,936	30.4%	2.6%
2016	—	10.00	—	14.00	24.00	33,520	29.1%	3.1%
2017 (forecast)	—	—	—	—	24.00		29.1%	

\* Yen

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

(percent change from same period of previous year in brackets)

	For Q1–Q2	For the fiscal year
Net sales	950,000 [+6.7%]	1,990,000 [+5.7%]
Operating income	71,500 [+1.0%]	165,000 [+3.6%]
Ordinary income	73,500 [+5.2%]	170,000 [+5.8%]
Net income attributable to owners of the parent	49,000 [–7.4%]	115,000 [+0.0%]
Net income per share*	35.08	82.34

\* 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

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 fiscal year ended 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. Changes in accounting policies, changes in accounting estimates, and retroactive restatement

#### i. 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 fiscal year ended 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 fiscal year ended 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 fiscal year ended March 31, 2017.

The effect of this change on deferred tax assets (investments and other assets) and retained

earnings at the beginning of the fiscal year ended 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 fiscal year ended 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 fiscal year ended March 31, 2017, is immaterial.

## ii. Changes in presentation

Consolidated statements of income:

In the fiscal year ended March 31, 2017, contribution, which had previously been included in others under non-operating expenses, exceeded 10% of total non-operating expenses, and is reported separately. The consolidated statements of income for the fiscal year ended March 31, 2016, have been adjusted accordingly, resulting in others under non-operating expenses being ¥851 million lower than previously reported, reflecting the separation of the same amount as contribution.

## 3. Number of shares outstanding

	2017	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	5,958,904	5,861,678
Average number of shares outstanding during period	1,396,714,882	1,396,812,330

## 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 2016	FY 2015
Revenue	572,645 [—]	46,790 [−15.9%]
Operating income	30,051 [−8.0%]	32,655 [−21.8%]
Ordinary income	79,182 [+126.1%]	35,023 [−20.5%]
Net income	198,660 [+396.0%]	40,055 [−2.1%]
Net income per share*	142.23	28.68
Diluted net income per share*	—	—

\* Yen

#### (2) Financial position

At fiscal year end, March	2017	2016
Total assets	1,630,936	1,325,089
Net assets	706,307	500,064
Net worth/total assets	43.3%	37.7%
Net worth per share*	505.71	358.02

\* Yen

Notes:

- Net worth as of March 31, 2017, was ¥706,307 million; as of March 31, 2016, ¥500,064 million.
- Large differences are attributable to absorption of 3 consolidated subsidiaries on April 1, 2016.

## VI. Overview of Consolidated Results

### 1. Consolidated group results

During 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 increased concern regarding the economic policy of the new US administration, as well as concern of economic slowdown in emerging economies. Meanwhile, the Japanese economy continued a path of gradual recovery with strong corporate performance while consumer spending became firm as the employment situation and income environment improved.

Consolidated net sales of Asahi Kasei Corp. and its consolidated subsidiaries and equity-method affiliates (the Asahi Kasei Group) decreased by ¥57.9 billion (3.0%) from a year ago to ¥1,883.0 billion, operating income decreased by ¥6.0 billion (3.6%) to ¥159.2 billion, and ordinary income decreased by ¥0.7 billion (0.5%) to ¥160.6 billion with negative impacts from the stronger yen, reduced reimbursement prices in pharmaceutical operations, and a full-year effect of amortization of goodwill, etc., related to 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 ¥23.2 billion (25.3%) to ¥115.0 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 ¥31.3 billion (3.1%) from a year ago to ¥973.2 billion, and operating income increased by ¥5.3 billion (6.6%) from a year ago to ¥84.5 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, amortization of goodwill, etc., was recorded for the full year, and the stronger yen had an impact. In electronic devices, shipments of audio devices for smartphones increased but the stronger yen had an impact.

#### HOMES

Sales decreased by ¥13.5 billion (2.1%) from a year ago to ¥619.0 billion, and operating income decreased by ¥6.9 billion (9.7%) from a year ago to ¥64.1 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 ¥15.3 billion (5.4%) from a year ago to ¥270.1 billion, and operating income decreased by ¥4.3 billion (11.9%) from a year ago to ¥31.9 billion.

Shipments of Teribone™ osteoporosis drug and Recomedulin™ 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 ¥2.1 billion (11.2%) from a year ago to ¥20.7 billion, and operating income increased by ¥2.3 billion (59.8%) from a year ago to ¥6.0 billion.

## VII. Consolidated Financial Statements

### 1. Balance sheets

	At end of March 2016	At end of March 2017
<b>Assets</b>		
Current assets		
Cash and deposits	146,054	145,289
Notes and accounts receivable–trade	280,095	302,751
Short-term investment securities	1,534	—
Merchandise and finished goods	159,441	159,395
Work in process	108,684	116,481
Raw materials and supplies	68,618	70,806
Deferred tax assets	18,133	20,279
Other	75,324	81,816
Allowance for doubtful accounts	(1,865)	(2,272)
<b>Total current assets</b>	<b>856,018</b>	<b>894,545</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	495,817	508,713
Accumulated depreciation	(268,635)	(278,122)
<b>Buildings and structures, net</b>	<b>227,183</b>	<b>230,590</b>
Machinery, equipment and vehicles	1,348,103	1,376,029
Accumulated depreciation	(1,149,544)	(1,176,686)
<b>Machinery, equipment and vehicles, net</b>	<b>198,559</b>	<b>199,343</b>
Land	61,046	62,391
Lease assets	12,928	12,367
Accumulated depreciation	(11,183)	(11,381)
<b>Lease assets, net</b>	<b>1,745</b>	<b>986</b>
Construction in progress	49,240	45,958
Other	147,286	150,073
Accumulated depreciation	(129,072)	(132,460)
<b>Other, net</b>	<b>18,215</b>	<b>17,613</b>
<b>Subtotal</b>	<b>555,989</b>	<b>556,881</b>
Intangible assets		
Goodwill	305,112	285,622
Other	189,470	177,149
<b>Subtotal</b>	<b>494,582</b>	<b>462,772</b>
Investments and other assets		
Investment securities	244,598	284,137
Long-term loans receivable	16,353	18,918
Deferred tax assets	20,098	9,309
Other	24,280	28,154
Allowance for doubtful accounts	(189)	(215)
<b>Subtotal</b>	<b>305,140</b>	<b>340,302</b>
<b>Total noncurrent assets</b>	<b>1,355,711</b>	<b>1,359,955</b>
<b>Total assets</b>	<b>2,211,729</b>	<b>2,254,500</b>

	At end of March 2016	At end of March 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	126,653	147,543
Short-term loans payable	313,587	113,475
Commercial paper	—	56,000
Current portion of bonds payable	—	20,000
Lease obligations	919	305
Accrued expenses	98,717	100,419
Income taxes payable	32,735	16,202
Advances received	74,667	72,882
Provision for periodic repairs	3,908	5,003
Provision for product warranties	2,355	2,461
Provision for removal cost of property, plant and equipment	2,130	1,800
Asset retirement obligations	568	572
Other	69,423	58,217
<b>Total current liabilities</b>	<b>725,662</b>	<b>594,880</b>
Noncurrent liabilities		
Bonds payable	40,000	20,000
Long-term loans payable	94,632	192,584
Lease obligations	537	467
Deferred tax liabilities	64,930	59,759
Provision for periodic repairs	558	165
Provision for removal cost of property, plant and equipment	7,228	4,390
Provision for loss on litigation	2,171	2,162
Net defined benefit liability	186,300	178,368
Asset retirement obligations	3,480	3,436
Long-term guarantee deposits	20,131	20,479
Other	8,702	9,695
<b>Total noncurrent liabilities</b>	<b>428,669</b>	<b>491,506</b>
<b>Total liabilities</b>	<b>1,154,330</b>	<b>1,086,385</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	103,389	103,389
Capital surplus	79,410	79,443
Retained earnings	763,076	850,532
Treasury stock	(3,150)	(3,242)
<b>Total shareholders' equity</b>	<b>942,724</b>	<b>1,030,122</b>
Accumulated other comprehensive income		
Net unrealized gain on other securities	92,280	113,475
Deferred gains or losses on hedges	(179)	55
Foreign currency translation adjustment	48,429	40,831
Remeasurements of defined benefit plans	(41,353)	(33,140)
<b>Total accumulated other comprehensive income</b>	<b>99,177</b>	<b>121,222</b>
Non-controlling interests	15,498	16,771
<b>Total net assets</b>	<b>1,057,399</b>	<b>1,168,115</b>
<b>Total liabilities and net assets</b>	<b>2,211,729</b>	<b>2,254,500</b>

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

### 1) Statements of income

	FY 2015	FY 2016
Net sales	1,940,914	1,882,991
Cost of sales	1,354,698	1,296,255
Gross profit	586,216	586,736
Selling, general and administrative expenses	421,013	427,506
Operating income	165,203	159,229
Non-operating income		
Interest income	1,417	1,425
Dividends income	4,757	5,170
Equity in earnings of affiliates	—	4,899
Other	5,148	3,854
Total non-operating income	11,322	15,347
Non-operating expenses		
Interest expense	3,611	4,435
Equity in losses of affiliates	854	—
Foreign exchange loss	3,679	1,228
Contribution	851	3,930
Other	6,159	4,351
Total non-operating expenses	15,154	13,944
Ordinary income	161,370	160,633
Extraordinary income		
Gain on sales of investment securities	8,275	9,918
Gain on sales of noncurrent assets	917	165
Total extraordinary income	9,192	10,083
Extraordinary loss		
Loss on valuation of investment securities	363	101
Loss on disposal of noncurrent assets	5,214	4,863
Impairment losses	3,493	1,484
Business structure improvement expenses	3,606	6,189
Litigation settlement	1,201	—
Loss on piling business	1,456	—
Business integration expense	1,547	690
Special retirement expenses and other	2,027	—
Loss on discontinuation of joint sales agreement	5,266	—
Total extraordinary loss	24,173	13,328
Income before income taxes	146,389	157,388
Income taxes—current	55,419	49,017
Income taxes—deferred	(2,441)	(8,293)
Total income taxes	52,978	40,724
Net income	93,412	116,663
Net income attributable to non-controlling interests	1,658	1,663
Net income attributable to owners of the parent	91,754	115,000



2) Statements of comprehensive income

	FY 2015	FY 2016
Net income	93,412	116,663
Other comprehensive income		
Net increase (decrease) in unrealized gain on other securities	(21,098)	21,177
Deferred gains or losses on hedges	1,519	234
Foreign currency translation adjustment	(48,860)	(8,020)
Remeasurements of defined benefit plans	(33,331)	8,114
Share of other comprehensive income of affiliates accounted for using equity method	(3,567)	810
Total other comprehensive income	(105,337)	22,315
Comprehensive income	(11,925)	138,979
Comprehensive income attributable to:		
Owners of the parent	(12,708)	137,045
Non-controlling interests	783	1,934

### 3. Statements of changes in net assets

	FY 2015	FY 2016
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	79,408	79,410
Changes during the fiscal year		
Disposal of treasury stock	2	0
Capital increase of consolidated subsidiaries	—	33
Total changes of items during the period	2	33
Balance at end of fiscal year	79,410	79,443
Retained earnings		
Balance at beginning of fiscal year	699,259	763,076
Cumulative effect of changes in accounting policies	—	10
Restated balance	699,259	763,086
Changes during the fiscal year		
Dividends from surplus	(27,937)	(27,935)
Net income attributable to owners of the parent	91,754	115,000
Change of scope of consolidation	—	418
Change of scope of equity method	—	(37)
Total changes of items during the period	63,817	87,446
Balance at end of fiscal year	763,076	850,532
Treasury stock		
Balance at beginning of fiscal year	(3,041)	(3,150)
Changes during the fiscal year		
Purchase of treasury stock	(113)	(93)
Disposal of treasury stock	4	1
Total changes of items during the period	(109)	(92)
Balance at end of fiscal year	(3,150)	(3,242)
Total shareholders' equity		
Balance at beginning of fiscal year	879,014	942,724
Cumulative effect of changes in accounting policies	—	10
Restated balance	879,014	942,734
Changes during the fiscal year		
Dividends from surplus	(27,937)	(27,935)
Net income attributable to owners of the parent	91,754	115,000
Purchase of treasury stock	(113)	(93)
Disposal of treasury stock	6	1
Change of scope of consolidation	—	418
Change of scope of equity method	—	(37)
Capital increase of consolidated subsidiaries	—	33
Total changes of items during the period	63,710	87,388
Balance at end of fiscal year	942,724	1,030,122

	FY 2015	FY 2016
Accumulated other comprehensive income		
Net unrealized gain on other securities		
Balance at beginning of fiscal year	113,562	92,280
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(21,282)	21,195
Total changes of items during the period	(21,282)	21,195
Balance at end of fiscal year	92,280	113,475
Deferred gains or losses on hedges		
Balance at beginning of fiscal year	(1,697)	(179)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	1,519	234
Total changes of items during the period	1,519	234
Balance at end of fiscal year	(179)	55
Foreign currency translation adjustment		
Balance at beginning of fiscal year	99,531	48,429
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(51,102)	(7,597)
Total changes of items during the period	(51,102)	(7,597)
Balance at end of fiscal year	48,429	40,831
Remeasurements of defined benefit plans		
Balance at beginning of fiscal year	(7,757)	(41,353)
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(33,596)	8,213
Total changes of items during the period	(33,596)	8,213
Balance at end of fiscal year	(41,353)	(33,140)
Total accumulated other comprehensive income		
Balance at beginning of fiscal year	203,639	99,177
Changes during the fiscal year		
Net changes of items other than shareholders' equity	(104,462)	22,045
Total changes of items during the period	(104,462)	22,045
Balance at end of fiscal year	99,177	121,222
Non-controlling interests		
Balance at beginning of fiscal year	15,068	15,498
Changes during the fiscal year		
Net changes of items other than shareholders' equity	430	1,273
Total changes of items during the period	430	1,273
Balance at end of fiscal year	15,498	16,771
Total net assets		
Balance at beginning of fiscal year	1,097,722	1,057,399
Cumulative effect of changes in accounting policies	—	10
Restated balance	1,097,722	1,057,409
Changes during the fiscal year		
Dividends from surplus	(27,937)	(27,935)
Net income attributable to owners of the parent	91,754	115,000
Purchase of treasury stock	(113)	(93)
Disposal of treasury stock	6	1
Change of scope of consolidation	—	418
Change of scope of equity method	—	(37)
Capital increase of consolidated subsidiaries	—	33
Net changes of items other than shareholders' equity	(104,032)	23,318
Total changes of items during the period	(40,323)	110,705
Balance at end of fiscal year	1,057,399	1,168,115

#### 4. Statements of cash flows

	FY 2015	FY 2016
Cash flows from operating activities		
Income before income taxes	146,389	157,388
Depreciation and amortization	93,811	91,387
Impairment loss	3,493	1,484
Amortization of goodwill	15,821	17,806
Amortization of negative goodwill	(159)	(159)
Increase in provision for periodic repairs	824	703
(Decrease) increase in provision for product warranties	(193)	108
Decrease in provision for removal cost of property, plant and equipment	(1,339)	(3,168)
Decrease in net defined benefit liability	(9,227)	(8,150)
Interest and dividend income	(6,173)	(6,595)
Interest expense	3,611	4,435
Equity in losses (earnings) of affiliates	854	(4,899)
Gain on sales of investment securities	(8,275)	(9,918)
Loss on valuation of investment securities	363	101
Gain on sale of property, plant and equipment	(917)	(165)
Loss on disposal of noncurrent assets	5,214	4,863
Decrease (increase) in notes and accounts receivable–trade	48,513	(20,756)
Decrease (increase) in inventories	12,901	(9,840)
(Decrease) increase in notes and accounts payable–trade	(24,104)	18,619
(Decrease) increase in accrued expenses	(3,980)	2,467
Increase (decrease) in advances received	120	(1,886)
Other, net	(4,863)	(6,721)
Subtotal	272,687	227,105
Interest and dividend income, received	7,558	7,733
Interest expense paid	(3,596)	(4,428)
Income taxes paid	(60,431)	(61,444)
Net cash provided by operating activities	216,218	168,965
Cash flows from investing activities		
Payments into time deposits	(6,360)	(4,105)
Proceeds from withdrawal of time deposits	17,364	5,232
Purchase of property, plant and equipment	(85,184)	(82,983)
Proceeds from sales of property, plant and equipment	774	3,178
Purchase of intangible assets	(10,330)	(8,810)
Purchase of investment securities	(7,017)	(9,846)
Proceeds from sales of investment securities	10,197	12,018
Purchase of shares in subsidiaries resulting in change in scope of consolidation	(193,680)	—
Payments for transfer of business	(200)	—
Payments of loans receivable	(11,131)	(5,218)
Collection of loans receivable	2,520	2,169
Other, net	(2,241)	(1,553)
Net cash used in investing activities	(285,287)	(89,920)

	FY 2015	FY 2016
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	213,417	(193,760)
Increase in commercial paper	—	56,000
Proceeds from long-term loans payable	9,445	138,812
Repayment of long-term loans payable	(91,760)	(45,513)
Repayments of lease obligations	(1,411)	(965)
Purchase of treasury stock	(113)	(93)
Proceeds from disposal of treasury stock	6	1
Cash dividends paid	(27,937)	(27,935)
Cash dividends paid to non-controlling interests	(653)	(712)
Other, net	371	207
Net cash provided by (used in) financing activities	101,365	(73,959)
Effect of exchange rate change on cash and cash equivalents	(5,560)	(6,759)
Net increase (decrease) in cash and cash equivalents	26,736	(1,673)
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	145,307	144,077

## 5. 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.

## VIII. Segment Information

### 1. Reporting segments

#### (1) Fiscal 2015

	Reporting segments				Others <sup>1</sup>	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	1,004,438	632,418	285,404	1,922,261	18,653	1,940,914
Intersegment	3,761	53	48	3,862	41,854	45,716
Total	1,008,198	632,472	285,452	1,926,123	60,508	1,986,630
Operating income	79,209	71,000	36,235	186,444	3,781	190,225
Assets	1,224,287	449,289	474,265	2,147,842	101,418	2,249,260
<i>Other items</i>						
Depreciation and amortization <sup>2</sup>	51,337	9,529	21,539	82,406	4,624	87,030
Amortization of goodwill	5,887	—	9,646	15,533	288	15,821
Investments in associates accounted for using equity method	31,993	—	—	31,993	17,541	49,534
Increase in property, plant and equipment, and intangible assets	57,185	11,947	19,382	88,514	4,706	93,220

<sup>1</sup> Electricity supply, plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

<sup>2</sup> Excluding amortization of goodwill.

#### (2) Fiscal 2016

	Reporting segments				Others <sup>1</sup>	Total
	Material	Homes	Health Care	Subtotal		
<i>Sales</i>						
Customers	973,169	618,964	270,120	1,862,252	20,738	1,882,991
Intersegment	4,174	1,761	34	5,969	30,384	36,352
Total	977,342	620,725	270,154	1,868,221	51,122	1,919,343
Operating income	84,472	64,100	31,921	180,493	6,041	186,534
Assets	1,231,592	455,242	459,251	2,146,086	109,178	2,255,264
<i>Other items</i>						
Depreciation and amortization <sup>2</sup>	50,836	9,411	18,187	78,435	4,637	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	47,205	12,139	15,604	74,947	6,836	81,783

<sup>1</sup> Electricity supply, plant and environmental engineering, research and analysis, employment agency/staffing operations, etc.

<sup>2</sup> Excluding amortization of goodwill.

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

Sales	Fiscal 2015	Fiscal 2016
Total of reporting segments	1,926,123	1,868,221
Net sales in "Others" category	60,508	51,122
Elimination of intersegment transactions	(45,716)	(36,352)
Net sales on consolidated statements of income	1,940,914	1,882,991

Operating income	Fiscal 2015	Fiscal 2016
Total of reporting segments	186,444	180,493
Operating income in "Others" category	3,781	6,041
Elimination of intersegment transactions	149	220
Corporate expenses, etc.*	(25,171)	(27,525)
Operating income on consolidated statements of income	165,203	159,229

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

Assets	Fiscal 2015	Fiscal 2016
Total of reporting segments	2,147,842	2,146,086
Assets in "Others" category	101,418	109,178
Elimination of intersegment transactions	(318,969)	(304,452)
Corporate assets*	281,439	303,688
Total assets on consolidated balance sheets	2,211,729	2,254,500

\* 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 2015

#### (1) Net sales

Japan	China	Other regions	Total
1,261,203	185,241	494,470	1,940,914

#### (2) Property, plant and equipment

Japan	United States	Other regions	Total
361,825	91,425	102,739	555,989

### 2. Fiscal 2016

#### (1) Net sales

Japan	China	Other regions	Total
1,226,633	165,481	490,877	1,882,991

#### (2) Property, plant and equipment

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