

## Consolidated Financial Statements Summary

(For the three months ended June 30, 2016)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

August 2, 2016

Company name : **TEIJIN LIMITED** (Stock code 3401) <http://www.teijin.com>  
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(Amounts less than one million yen are omitted)

### 1. Highlight of the first quarter of FY16 (April 1, 2016 through June 30, 2016)

(1) Consolidated financial results

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended June 30, 2016	174,226	-9.5	15,697	-4.4	14,400	-19.9	11,436	2.2
For the three months ended June 30, 2015	192,565	5.9	16,412	241.0	17,977	286.4	11,190	578.8

cf. Comprehensive income : -5,870 million yen (FY2015: 17,681 million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the three months ended June 30, 2016	11.63	10.55
For the three months ended June 30, 2015	11.39	10.33

\* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2016	789,803	304,305	36.8
As of March 31, 2016	823,429	314,412	36.4

cf. Shareholders' equity : 290,261 million yen (FY2015: 300,112million yen)

### 2. Dividends

Period	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2015	—	3.00	—	4.00	7.00
FY2016	—				
FY2016(Outlook)		5.00	—	25.00	—

Note: Revision of outlook for dividends in the first quarter: No

\*The Company plans to consolidate its common shares at a ratio of five shares to one share on the effective date of October 1, 2016.

Accordingly, the amount of the year-end dividend per share for FY2016 (Outlook) reflects the impact of the consolidation of shares and disclosure of the annual dividend per share is omitted. Excluding the impact of the consolidation of shares, the year-end dividend per share for FY2016 (Outlook) would be 5 yen and the annual dividend per share would be 10 yen. For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

### 3. Forecast for operating results in the year ending March 31, 2017 (Fiscal 2016)

(Percentages are interim-on-interim and year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
FY2016 interim	350,000	-10.7	23,000	-34.9	23,000	-35.8	14,000	-42.8	14.24
FY2016	740,000	-6.4	53,000	-21.0	53,000	-12.1	35,000	12.6	177.98

Note: Revision of outlook for fiscal 2016 consolidated operating results in the first quarter: Yes

\* E.P.S. under the forecast for operating results in the year ending March 31, 2017 (fiscal 2016) reflects the impact of the consolidation of shares. For information, refer to "Appropriate Use of Forecasts and Other Information and Other Matters"

## Appropriate Use of Forecasts and Other Information and Other Matters

### (1) Cautionary statement on forward-looking statements

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Qualitative Information on Outlook for Operating Results", beginning on page 7.

### (2) Dividend outlook and forecast for operating results after the consolidation of shares

The Company plans to consolidate its common shares at the ratio of five shares to one share on the effective date of October 1, 2016, following approval of a proposal for the consolidation of shares at the 150th Ordinary General Meeting of Shareholders held on June 22, 2016. Accordingly, the dividend outlook and forecast for operating results in the year ending March 31, 2017 (fiscal 2016) excluding the impact of the consolidation of shares are as follows.

1. Dividend outlook for the year ending March 31, 2017  
Dividends per share: Interim 5 yen (Note 1), Year-end 5 yen (Note 2)
2. Forecast for operating results in the year ending March 31, 2017 (fiscal 2016)  
E.P.S.: (Year-end) 35.60 yen

#### Notes:

1. The interim dividend will be paid out based on the number of shares before the consolidation of shares.
2. Represents the dividend amount excluding the impact of the consolidation of shares.
3. The annual dividend for the year ending March 31, 2017 (excluding the impact of the consolidation of shares) is 10 yen per share.

## 1. Qualitative Information and Financial Statements

### Qualitative Information on Results of Operations

#### Analysis of Consolidated Results of Operations

Global economic conditions in the three months ended June 2016 held firm, underpinned by the continuation of a gradual economic expansion in developed countries. However, growth in the People's Republic of China continued to decelerate, despite support from fiscal stimulus through government spending. Moreover, the Japanese economy was sluggish amid slowing growth in personal consumption.

In this environment, for the three months ended June 30, 2016, consolidated net sales declined 9.5% to ¥174.2 billion. This decline was due in part to the impact of optimizing our production configuration associated with restructuring initiatives in the resin business, in addition to the stronger yen, although sales were generally steady across all businesses on the whole. Operating income decreased 4.4% to ¥15.7 billion, due in part to the impacts of foreign exchange movements and downward revisions to NHI drug reimbursement prices, despite efforts to steadily expand the earnings base by driving growth in existing businesses and executing restructuring initiatives. Coupled with the recording of foreign exchange losses and other factors, ordinary income decreased 19.9% to ¥14.4 billion. Meanwhile, profit attributable to owners of parent remained largely unchanged, edging up 2.2% from the same period a year earlier to ¥11.4, mainly reflecting the impact of Tax Effect Accounting. Earnings per share rose ¥0.24 to ¥11.63.

#### Business Segment Results

##### Advanced Fibers and Composites

*Sales in the Advanced Fibers and Composites segment totaled ¥29.8 billion, while operating income was ¥3.6 billion.*

##### High-Performance Fibers

*Sales remained firm for automotive applications.*

In aramid fibers, sales of *Twaron* para-aramid fibers expanded firmly for automotive applications, including for tires in Europe. In contrast, sales for some oil drilling applications were weak. Sales were favorable for *Technora* para-aramid fibers for automotive applications in Japan and infrastructure-related applications overseas. *Technora* is being used in an expanding range of applications under more extreme conditions given the positive assessment of its outstanding fatigue resistance, chemical barrier and other properties, and production has continued at full capacity. Therefore, in March 2016, we decided to boost production capacity of *Technora* by around 10%, mainly by increasing fiber production facilities.

Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications, despite persistently fierce competition in the growing market for filter applications. Moreover, at a new production facility in Thailand, where production and sales commenced in the previous fiscal year, we are focused on expanding this particular business in promising Asian markets and emerging markets, where high growth is expected against the backdrop of increasingly stringent regulations pertaining to flame-retardant materials and environmental safety.

In polyester fibers, earnings held firm thanks to solid sales of automotive applications at our subsidiary in Thailand, and personal hygiene products, wadding, and other materials, as well as contributions from lower prices for raw materials and other cost reductions. In Japan, we are working to drive higher sales for use in reverse osmosis membrane support layers for water treatment applications, for which there is firm demand, as well as to cut costs. Moreover, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and transferring production of certain items to subsidiaries in Thailand.

### **Carbon Fibers and Composites**

*Firm sales for use in aircraft and other applications.*

Sales of *TENAX* carbon fibers for use in aircraft were favorable, reflecting firm orders from aircraft manufacturers. Among other applications, sales for general industrial use in Europe and Asia and for wind power generation in the Americas and Europe were robust. In addition, *Pyromex* Oxidized PAN fiber has continued to post favorable sales, reflecting surging demand for use in aircraft brake pads. To address future growth in demand, we are pushing ahead with construction work on converting carbon fiber production lines into *Pyromex* production lines at Toho Tenax America, Inc., and the work is proceeding on schedule.

Against this backdrop, in the area of structural components for mass-produced vehicles made with our thermoplastic CFRP *Sereebo*, we are continuing to implement joint development activities with General Motors Company to achieve future commercialization. Moreover, we have completed the acquisition of land in the United States, with a view to constructing a new carbon fiber plant.

Furthermore, the Teijin Composites Innovation Center (TCIC; Matsuyama City, Aichi Prefecture), an R&D and mass-production plant of *Sereebo*, has obtained the ISO/TS 16949 accreditation of quality management system requirements. ISO/TS 16949 was designed by the International Automotive Task Force (IATF), a body comprising nine European and American automakers and five automotive industrial organizations from the U.S., Germany, France, Italy and the U.K. It defines international quality management system requirements for organizations providing services for automotive products. Acquiring this accreditation verifies the high global standard of TCIC's production management and evaluation systems, and their quality management, for automotive components.

### **Electronics Materials and Performance Polymer Products**

*The Electronics Materials and Performance Polymer Products segment reported sales of ¥33.6 billion and operating income of ¥5.6 billion.*

### **Resin and Plastics Processing**

*Steady performance by polycarbonate resins.*

Profits from our mainstay *Panlite* and *Multilon* polycarbonate resin products generated steady profits, as high capacity utilization was maintained at production sites in China and Japan by optimizing our production configuration associated with restructuring initiatives, coupled with the benefits of measures to improve the sales mix, despite a gradual uptrend in raw material prices.

Moreover, in the course of focusing on expanding high-performance compound products, we are working to commercialize alloy products of polycarbonate and polypropylene for use in housing equipment, which requires chemical resistance and lightweight properties. In other areas, we are actively implementing development of new composite materials that combine polycarbonate resins with the Teijin Group's high-performance fibers (carbon fibers, aramid fibers).

In high-performance resins, we are working to upgrade and expand our lineup of specialty polycarbonate resins for camera lenses with a higher refractive index and heat-resistance grade, not only for smartphones but also for vehicles. In polyethylene naphthalate (PEN) resin, we are developing applications with a focus on heat- and pressure-resistant containers.

In regard to the "super engineering plastic" polyphenylene sulfide (PPS) resin, which is scheduled to enter mass production at INITZ Co., Ltd., a joint venture with SK Chemicals Ltd. of the Republic of Korea (ROK), we are strengthening marketing activities centered on automotive and electronics applications.

### **Films**

*Strengthened cost competitiveness by integrating our domestic production facilities.*

We posted relatively firm sales of *PUREX* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices, as well as exports for special packaging applications. Reflective films for use in liquid crystal display (LCD) televisions remained under pressure in terms of both volume and pricing due to the emergence of Chinese manufacturers. However, we posted favorable growth in sales of reverse-dispersion solvent-cast retardation film for use as an organic electroluminescent display (OLED) antireflective film in smartphones and tablets. Meanwhile, *ELECLEAR* transparent electroconductive polycarbonate film saw sluggish growth in sales for use in smartphone applications in China.

Profits improved from the previous fiscal year, owing to contributions from lower raw material and fuel costs plus cost reductions as a result of restructuring. Looking ahead, we will work to complete the integration of our domestic polyester film production facilities at the Utsunomiya Factory, scheduled within the current fiscal year. Meanwhile, we will further narrow our focus on high-value-added applications. In addition, we will strive to expand sales of fire-retardant films and other newly developed products. In parallel, we will step up our focus on developing new types of high-performance films and sheets by advancing market-oriented activities in the areas of marketing and development.

Overseas, sluggish market conditions intensified competition in the PRC, particularly as regards both sales volume and prices. However, demand for films for packaging applications and for use in solar cells, among others, has been comparatively firm in the Americas and Europe.

## **Healthcare**

*Sales in the Healthcare segment came to ¥37.4 billion, while operating income was ¥8.6 billion.*

## **Pharmaceuticals**

*Sales of our novel treatment for hyperuricemia and gout expanded favorably.*

The pharmaceuticals market as a whole continues to face a challenging business environment. In this climate, in our domestic pharmaceuticals business, sales of recently developed drugs, including hyperuricemia and gout treatment *FEBURIC* (febuxostat) and *Somatuline*<sup>®\*</sup>, a treatment for acromegaly, continued to expand steadily. Also, *FEBURIC* has been approved for the additional indication of hyperuricemia caused by cancer chemotherapy, providing new added value. Combined with new formulations including an oral jelly and an intravenous drip of the osteoporosis treatment *Bonalon*<sup>®†</sup> along with *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of the sustained-release expectorant *Mucosolvan*, we are providing patients with a wider range of choices. Furthermore, Teijin Pharma Limited is working to expand sales of the transdermal anti-inflammatory analgesic patch formulation *LOQOA* Tape, which it began jointly marketing with Taisho Toyama Pharmaceutical Co., Ltd. in January 2016.

Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 58 of these countries and territories (including Japan), and we are in the process of obtaining regulatory approval to make it available in the others.

## **Home Healthcare**

*Rental volumes either remained high or increased for all offerings..*

In the home healthcare business, we currently provide services to more than 400,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new models—the non-portable *Hi-Sanso 5S* and the portable *Hi-Sanso Portable α* (alpha). Looking ahead, we will strive to further boost rental volume, by expanding the use of *Hi-Sanso Portable α II*, a portable oxygen concentrator launched in March 2016. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, due to the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and an influx of SAS patients owing to the use of the *SAS2100* sleep disorder diagnostic system. Going forward, we will seek to further boost rental volume, by proactively expanding the use of *SLEEPMATE10*, a new model launched in January 2016 featuring a built-in heater-humidifier in addition to *NemLink* functions. To fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on our home healthcare call centers in Fukuoka and Osaka.

Meanwhile, as part of our transformation and growth strategies, in September 2015 we commenced sales of *VitalLink*, a patient information sharing system. We have been working to expand this business by conducting marketing initiatives focused on primary care physicians who play a crucial role in comprehensive community healthcare and on

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\* *Somatuline*<sup>®</sup> is a registered trademark of Ipsen Pharma, Paris, France.

† *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, U.S.A.

other individuals. Moreover, investigator-initiated clinical trials of intractable neuropathic pain using a repetitive transcranial magnetic stimulation device developed through an industry-academia partnership with Osaka University and other partners are under way at several facilities. We also continued to expand our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from a stroke or other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions in other areas of the country.

Overseas, we currently provide home healthcare services in the United States, Spain and the ROK. In the period under review, operating conditions in the United States remained harsh, a consequence of healthcare system reform and sizeable ensuing declines in medical treatment fees, as well as other factors. We responded by taking steps to restore profitability, including integrating sales bases.

### **Trading and Retail**

*The Trading and Retail segment yielded sales of ¥59.2 billion and operating income of ¥1.4 billion.*

### **Apparel Textiles and Materials**

*Expanded high-performance materials for the sports field.*

In fiber materials, sales of high-performance materials such as the *DELTA* series made a favorable start in the sports and outdoor apparel markets of the Americas and Europe. Despite concerns about the stronger yen reducing the profitability of exported products, we are working to enhance our business performance by expanding sales of new materials and products, through such means as embarking on the full-scale commercial development of extra-functional nylon fabrics and pioneering new market areas in the fashion market by making use of functional materials.

In functional textiles and apparel, although domestic market conditions remained lackluster, the business as a whole posted a steady performance, owing to favorable sales to certain specialty men's apparel shops as well as highly price-conscious apparel stores, volume sellers, and retailers. Moreover, we presented integrated plans and proposals that covered a full lineup extending to products that were based on propriety materials, by staging a comprehensive exhibition for the 2017 spring and summer seasons in June 2016. In parallel, we are working to hone our competitiveness and enhance profitability by continuing to strengthen our production base.

### **Industrial Textiles and Materials**

*Strengthening our global production and sales structure for automotive materials.*

In sales of automotive materials, we posted favorable sales of tire cords, as well as car seat and synthetic leather fabrics, along with conveyor belts, hoses and airbags getting off to a good start. In other industrial textiles and related materials, steady sales were posted for sheets for civil engineering materials, raw materials for non-woven fabrics, non-woven fabrics for water treatment membranes, and industrial sewing thread. However, sales of aramid materials faced a slight uphill struggle. In living related materials, sales of industrial wipers and personal hygiene products remained firm. Sales of healthcare products also grew steadily, although sales of mainstay curtain fabrics were sluggish.

In resin and films, we faced an uphill struggle in sales of both these product categories due to the maturing PC and smartphone markets. However, we posted firm sales of the highly transparent heat-reflective insulating film *REFTEL* for use in building windows.

In addition, we set up a Global Business Promotion Office in April for automotive materials. By optimizing raw materials procurement and supply chains in the four regions of Japan, China, ASEAN and North America, we will strengthen our global structure in an effort to capture customers and pioneer and develop our markets.

We are also advancing a variety of initiatives in order to create other new businesses, including starting to develop our own brand of products that use our "wearable cosmetics" *Raffinan*.

### **Others**

*Others, which does not qualify as a reportable operating segment, generated sales of ¥14.1 billion and operating income of ¥3.0 billion.*

In the IT business, sales of *Meccha Comics*, an e-book distribution service in the net services category, grew steadily. In the IT services category, specifically in the healthcare business, we began developing a new comprehensive community healthcare system and studying the feasibility of a dementia care solution using the Internet of Things (IoT)\*, among other activities.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators grew steadily. In addition, we continue to pursue business expansion initiatives for *miraim*, an internally developed high-performance membrane that contains polyethylene.

In the healthcare field, sales of artificial joints, in which Teijin Nakashima Medical Co., Ltd. is engaged, increased steadily. Moreover, we continue to pursue the development of new products in fields such as embedded medical devices and regenerative medicine products.

In addition, we are pushing ahead with the development of *BARLEYmax*, an enhanced barley product, as a new initiative in the field of functional food materials. Clinical trials have confirmed that *BARLEYmax* has an intestinal regulating action based on its large content of dietary fiber and resistant starch. Sales of this proprietary product have commenced on a trial basis. Going forward, we will explore additional business expansion possibilities for this product, in conjunction with conducting marketing activities targeting food manufacturers.

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\* The IoT (Internet of Things) is a concept that describes the interconnection of a vast array of devices worldwide via the Internet. Such advanced connectivity will facilitate the realization of a wider range of new services.



## Qualitative Information on Financial Position

### Analysis of Assets, Liabilities and Net Assets

Total assets as of June 30, 2016 amounted to ¥789.8 billion, down ¥33.6 billion from the end of fiscal 2015. The decrease in total assets was primarily the result of a decline in the valuation of foreign currency-denominated assets on a yen basis, in response to the yen's appreciation. Other reasons for the decrease included a decrease in investment securities in line with mark-to-market valuations, and a decline in notes and accounts receivable-trade, which was mainly a consequence of seasonal factors.

Total liabilities amounted to ¥485.5 billion, down ¥23.5 billion from the end of fiscal 2015. The main factors behind this decrease were that a decline in the figure for the amount of provision for unpaid bonuses was reduced and that the figure for the amount of a decline in income taxes payable was reduced, in addition to the impact of foreign exchange movements. Interest-bearing debt accounted for ¥297.8 billion of the total, down ¥5.5 billion.

Total net assets decreased ¥10.1 billion, to ¥304.3 billion. Total shareholders' equity and total accumulated other comprehensive income together represented ¥290.3 billion of the total, a decrease of ¥9.9 billion. This was mainly due to a decrease in foreign currency translation adjustment and a decrease in valuation difference on available-for-sale securities in line with the stronger yen and lower stock prices, along with the payment of dividends. These factors were partially offset by profit attributable to owners of parent of ¥11.4 billion.

## Qualitative Information on Outlook for Operating Results

### Outlook for Fiscal 2016

#### Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Fiscal 2016 (Forecast)	¥740.0	¥53.0	¥53.0	¥35.0
Fiscal 2015	790.7	67.1	60.3	31.1
Change	(50.7)	(14.1)	(7.3)	+3.9
Percentage change	-6.4%	-21.0%	-12.1%	+12.6%

In fiscal 2016, the global economy has been rapidly shrouded in increasing uncertainty owing to the repercussions of the UK's decision to exit the EU. Although firm growth is expected to continue primarily in the U.S., there is a higher risk of further deceleration in economic growth amid instability in the financial markets.

In this environment, we will press forward with the implementation of various restructuring initiatives, guided by our revised medium-term management plan, announced in November 2014, with the goal of strengthening our earnings foundation. We will also continue to promote the focused allocation of resources to core strategic businesses and new

businesses in an effort to spur the growth of our existing businesses. In addition, we will proactively advance various projects aligned with our transformation and growth strategies, with the aim of realizing new customer value.

In light of an increase in upfront expenses aimed at future growth and changes in our exchange rate assumptions, we have revised our consolidated full-term operating results forecasts for fiscal 2016. We now expect to report consolidated net sales of ¥740.0 billion, compared with our previous forecast of ¥775.0 billion, operating income of ¥53.0 billion, compared with our previous forecast of ¥58.0 billion, and ordinary income of ¥53.0 billion, compared with our previous forecast of ¥58.0 billion, Profit attributable to owners of parent is forecast at ¥35.0 billion, compared with our previous forecast of ¥36.0 billion. These forecasts assume exchange rates of ¥106 to US\$1.00 and ¥118 to €1.00 and an average Dubai crude oil price of US\$45 per barrel.

### Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 60.0	¥125.0	¥ 7.5	¥ 16.0
Electronics Materials and Performance Polymer Products	65.0	130.0	8.0	13.5
Healthcare	70.0	140.0	11.5	27.0
Trading and Retail	125.0	275.0	2.5	6.0
Total	320.0	670.0	29.5	62.5
Others	30.0	70.0	1.5	6.5
Elimination and corporate	—	—	(8.0)	(16.0)
Consolidated total	¥350.0	¥740.0	¥23.0	¥ 53.0

## 2. Other Information

**Changes in significant subsidiaries during the period under review:**

None

**Adoption of special quarterly accounting methods:**

Certain of the consolidated subsidiaries of Teijin Limited (“the Company”) have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the three months ended June 30, 2016, following the application of tax effect accounting to income before income taxes, and multiplying this by quarterly income before income taxes to estimate quarterly tax expense.

**Changes in accounting principles, procedures and presentation methods:**

None

**Additional Information:**

***Adoption of Revised Implementation Guidance on Recoverability of Deferred Tax Assets***

Effective from the three months ended June 30, 2016, the Company adopted the “Revised Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Implementation Guidance No. 26, issued on March 28, 2016).

*Italicized product names and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries. Where noted, other italicized product names and service names used in this document are protected as the trademarks and/or trade names of other companies.*

**3. Financial Statements**  
**(1) Consolidated Balance Sheets**

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	72,122	78,384
Notes and accounts receivable-trade	164,536	145,255
Securities	29,000	29,000
Merchandise and finished goods	85,965	88,774
Work in process	7,738	8,641
Raw materials and supplies	26,738	23,760
Other	45,419	40,696
Allowance for doubtful accounts	(1,015)	(812)
<b>Total</b>	<b>430,504</b>	<b>413,700</b>
<b>Fixed assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	58,631	56,286
Machinery and equipment, net	70,751	65,708
Other, net	73,883	74,594
<b>Total</b>	<b>203,267</b>	<b>196,588</b>
<b>Intangible assets</b>		
Goodwill	7,296	6,898
Other	9,356	8,947
<b>Total</b>	<b>16,653</b>	<b>15,845</b>
<b>Investments and other assets</b>		
Investment securities	109,053	99,609
Other	66,117	66,117
Allowance for doubtful accounts	(2,166)	(2,059)
<b>Total</b>	<b>173,004</b>	<b>163,668</b>
<b>Total fixed assets</b>	<b>392,924</b>	<b>376,102</b>
<b>Total assets</b>	<b>823,429</b>	<b>789,803</b>

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	71,394	68,720
Short-term loans payable	55,527	54,216
Current portion of long-term loans payable	27,493	27,161
Income taxes payable	6,238	2,027
Other	67,542	58,624
<b>Total</b>	<b>228,196</b>	<b>210,750</b>
<b>Noncurrent liabilities</b>		
Bonds payable	55,148	55,139
Long-term loans payable	163,645	159,988
Provision for business structure improvement	12,555	11,766
Net defined benefit liability	30,440	30,068
Asset retirement obligations	2,405	2,619
Other	16,624	15,166
<b>Total</b>	<b>280,820</b>	<b>274,747</b>
<b>Total liabilities</b>	<b>509,017</b>	<b>485,497</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	70,816	70,816
Capital surplus	101,473	101,468
Retained earnings	127,377	134,864
Treasury stock	(354)	(347)
<b>Total</b>	<b>299,312</b>	<b>306,802</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	17,754	12,297
Deferred gains or losses on hedges	(1,303)	(2,327)
Foreign currency translation adjustment	(15,073)	(25,874)
Remeasurements of defined benefit plans	(578)	(635)
<b>Total</b>	<b>799</b>	<b>(16,540)</b>
<b>Subscription rights to shares</b>	<b>837</b>	<b>849</b>
<b>Non-controlling interests</b>	<b>13,462</b>	<b>13,194</b>
<b>Total net assets</b>	<b>314,412</b>	<b>304,305</b>
<b>Total liabilities and net assets</b>	<b>823,429</b>	<b>789,803</b>

(2) Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
<b>Net sales</b>	<b>192,565</b>	<b>174,226</b>
Cost of sales	130,839	113,067
<b>Gross profit</b>	<b>61,726</b>	<b>61,159</b>
Selling, general and administrative expenses	45,314	45,461
<b>Operating income</b>	<b>16,412</b>	<b>15,697</b>
Non-operating income		
Interest income	166	165
Dividends income	931	1,066
Equity in earnings of affiliates	911	830
Foreign exchange gains	241	—
Gain on valuation of derivatives	357	—
Miscellaneous income	212	218
Total	2,821	2,281
Non-operating expenses		
Interest expenses	626	547
Foreign exchange losses	—	920
Loss on valuation of derivatives	—	1,566
Miscellaneous loss	630	544
Total	1,256	3,578
<b>Ordinary income</b>	<b>17,977</b>	<b>14,400</b>
Extraordinary income		
Gain on sales of noncurrent assets	60	175
Reversal of provision for business structure improvement	120	449
Other	14	105
Total	195	730
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	288	234
Loss on valuation of investment securities	21	105
Impairment loss	482	348
Business structure improvement expenses	388	628
Other	306	61
Total	1,487	1,379
<b>Profit before income taxes</b>	<b>16,685</b>	<b>13,751</b>
Income taxes	5,458	2,225
<b>Profit</b>	<b>11,226</b>	<b>11,526</b>
Profit attributable to non-controlling interests	35	89
<b>Profit attributable to owners of parent</b>	<b>11,190</b>	<b>11,436</b>

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the three months ended June 30, 2015	For the three months ended June 30, 2016
<b>Profit</b>	<b>11,226</b>	<b>11,526</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,980	(5,458)
Deferred gains or losses on hedges	1,033	(1,024)
Foreign currency translation adjustment	2,546	(9,566)
Remeasurements of defined benefit plans, net of tax	(272)	(26)
Share of other comprehensive income of associates accounted for using equity method	166	(1,320)
<b>Total</b>	<b>6,455</b>	<b>(17,396)</b>
<b>Comprehensive income</b>	<b>17,681</b>	<b>(5,870)</b>
Comprehensive income attributable to :		
Owners of the parent	17,683	(5,903)
Non-controlling interests	(1)	32

**(3) Notes Pertaining to Going Concern Assumption**

No

**(4) Notes on Significant Changes in Shareholders' Equity**

No

**(5) Segment Information, etc.**

I. FY15 1Q results (April 2015 – June 2015)

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	32,105	44,777	37,993	61,389	176,266	16,298	192,565
2) Intersegment transactions or transfers	7,024	1,061	—	889	8,975	3,858	12,833
Net sales	39,129	45,839	37,993	62,278	185,241	20,157	205,399
Segment income	3,612	6,212	8,875	1,043	19,743	527	20,271

\* "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a report operating segment.

2. Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment)

(Millions of yen)

Operating income	Amount
Total reportable operating segments	19,743
Others segment	527
Elimination of intersegment transactions	(596)
Corporate expenses*	(3,263)
Operating income	16,412

\* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to basic research and head office administration.

3. Loss on impairment and goodwill by reportable segments

No



II. FY16 1Q results (April 2016 – June 2016)

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments					Others*	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	29,818	33,599	37,423	59,248	160,090	14,136	174,226
2) Intersegment transactions or transfers	6,266	862	—	1,227	8,356	4,263	12,619
Net sales	36,084	34,462	37,423	60,476	168,446	18,399	186,846
Segment income	3,554	5,649	8,583	1,390	19,178	298	19,476

\* "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable operating segment.

2. Difference between operating income and sum of operating income (loss) in reportable operating segments

(Adjustment)

(Millions of yen)

Operating income	Amount
Total reportable operating segments	19,178
Others segment	298
Elimination of intersegment transactions	62
Corporate expenses*	(3,841)
Operating income	15,697

\* Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to basic research and head office administration.

3. Loss on impairment and goodwill by reportable segments

No

## Supplementary Information

### 1. Movement of consolidated results

#### (1) Movement of results

(Billions of yen)

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Net sales	192.6	199.5	199.2	199.5	174.2
Operating income	16.4	18.9	20.1	11.6	15.7
Ordinary income	18.0	17.9	21.0	3.5	14.4
Profit (loss) attributable to owners of par	11.2	13.3	10.5	(3.8)	11.4

#### (2) Movement of industrial segment information

(Billions of yen)

	FY2015 1Q	FY2015 2Q	FY2015 3Q	FY2015 4Q	FY2016 1Q
Net sales					
Advanced Fibers and Composites	32.1	33.3	32.2	35.4	29.8
Electronics Materials and Performance Polymer Products	44.8	42.6	42.0	34.3	33.6
Healthcare	38.0	36.8	37.7	35.0	37.4
Trading and Retail	61.4	68.7	70.1	70.7	59.2
Total	176.3	181.4	182.1	175.4	160.1
Others	16.3	18.1	17.2	24.0	14.1
Consolidated total	192.6	199.5	199.2	199.5	174.2
Operating income (loss)					
Advanced Fibers and Composites	3.6	5.7	4.6	4.6	3.6
Electronics Materials and Performance Polymer Products	6.2	5.7	7.0	3.4	5.6
Healthcare	8.9	7.9	8.7	3.4	8.6
Trading and Retail	1.0	1.2	1.8	1.3	1.4
Total	19.7	20.4	22.2	12.6	19.2
Others	0.5	1.4	1.4	3.2	0.3
Elimination & corporate	(3.9)	(2.8)	(3.4)	(4.2)	(3.8)
Consolidated total	16.4	18.9	20.1	11.6	15.7

### 2. Capital expenditure, depreciation & amortization expenses and research & development expenses (consolidated)

(Billions of yen)

	FY2013 (Actual)	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q (Actual)	FY2016 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	27.7	25.3	33.6	8.5	50.7
Total	30.2	28.1	38.3	8.9	53.0
Depreciation & amortization*	45.7	43.0	38.9	9.4	38.5
Research & development	32.2	32.4	33.3	7.3	36.0

\* Depreciation and amortization includes amortization of goodwill.

### 3. Foreign Exchange Rate

(1) BS exchange rate for overseas subsidiaries (End of fiscal year)

	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q (Actual)	FY2016 (Outlook)
JPY/USD	120	113	103	105
USD/EUR	1.08	1.13	1.11	1.11

(2) PL exchange rate for overseas subsidiaries (Average of fiscal year)

	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q (Actual)	FY2016 (Outlook)
JPY/USD	110	120	108	106
USD/EUR	1.26	1.10	1.13	1.11

### 4. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2014 (Actual)	FY2015 (Actual)	FY2016 1Q (Actual)
<i>FEBURIC</i> <sup>®</sup>	Hyperuricemia and gout	15.5	21.3	6.4
<i>Bonalon</i> <sup>®</sup>	Osteoporosis	12.9	12.9	3.1
<i>Mucosolvan</i> <sup>®</sup>	Expectorant	6.5	6.8	1.4
<i>Onealfa</i> <sup>®</sup>	Osteoporosis	5.4	4.8	1.0
<i>Venilon</i> <sup>®</sup>	Severe infectious diseases	9.8	4.4	1.0
<i>Laxoberon</i> <sup>®</sup>	Laxative	2.9	2.5	0.5
<i>Tricor</i> <sup>®</sup>	Hyperlipidemia	1.7	1.6	0.4
<i>Somatuline</i> <sup>®</sup>	Acromegaly and pituitary gigantism	1.1	1.5	0.4
<i>Alvesco</i> <sup>®</sup>	Asthma	1.2	1.2	0.3

### 5. Development status of new pharmaceuticals

(As of June 30, 2016)

Products	Indication	Stage
TMX-67TLS( <i>FEBURIC</i> <sup>®</sup> )	Tumor lysis syndrome	Approved in Japan in May 2016
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
STM-279	Adenosine deaminase (ADA) deficiency	Ph III
GGs-ON ( <i>Venilon</i> <sup>®</sup> )	Optic neuritis	Ph III
GGs-MPA( <i>Venilon</i> <sup>®</sup> )	Microscopic polyangitis	Ph III
GGs-CIDP( <i>Venilon</i> <sup>®</sup> )	Chronic inflammatory demyelinating polyneuropathy	Ph III
ITM-014N ( <i>Somatuline</i> <sup>®</sup> )	Neuroendocrine tumor	Ph II
ITM-058	Osteoporosis	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (US)
TMG-123	Typell Diabetes	Ph I
TMX-049	Hyperuricemia and gout	Ph I

\* *Bonalon*<sup>®</sup> is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.

\* *Somatuline*<sup>®</sup> is the registered trademark of Ipsen Pharma, Paris, France.

\* KTP-001 was discovered and is under development by Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic Research Institute), a general incorporated foundation, based on an enzyme engineered by Professor Hiroataka Haro of the University of Yamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of the Department of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.