TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the three months ended June 30, 2013)
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, 2013

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(Amounts less than one million yen are omitted)

1. Highlight of the first quarter of FY13 (April 1, 2013 through June 30, 2013)

(1) Consolidated financial results (Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the first quarter ended June 30, 2013	183,520	5.3	1,837	-38.2	1,582	-28.3	233	–
For the first quarter ended June 30, 2012	174,335	-8.0	2,971	-73.0	2,207	-82.8	(1,638)	–

cf. Comprehensive income : 4,830 million yen (FY2012: (9,570) million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the first quarter ended June 30, 2013	0.24	0.24
For the first quarter ended June 30, 2012	(1.66)	–

* 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, 2013	783,814	294,883	35.0
As of March 31, 2013	762,399	292,127	35.6

cf. Shareholders' equity :274,122 million yen(FY2012: 271,251million yen)

2. Dividends

	Dividends per share				
Period	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2012	–	2.00	–	2.00	4.00
FY2013	–				
FY2013 (Outlook)		2.00	–	2.00	4.00

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

3. Forecast for operating results in the year ending March 31, 2014 (Fiscal 2013)

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

	Net sales		Operating income		Ordinary income		Net income		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2013 interim	400,000	11.7	6,500	-11.9	5,500	12.5	0	–	0.00
FY2013	830,000	11.3	25,000	102.3	23,000	135.0	8,000	–	8.13

Note: Revision of outlook for fiscal 2013 consolidated operating results in the first quarter: No

Appropriate Use of Forecasts and Other Information and Other Matters

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 6.

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

Economic conditions lacked strength worldwide in the three months ended June 30, 2013, reflecting persistent economic stagnation in Europe and slowing growth in emerging economies. While comparatively firm consumer spending continued to underpin the U.S. economy, financial market disarray exposed structural weaknesses in the People's Republic of China (PRC) and other emerging economies, causing growth to diverge further from expectations. In Japan, the government's economic policies—dubbed "Abenomics" after Prime Minister Shinzo Abe—lifted business sentiment, but recovery in the real economy was limited, as capital investment and other indicators of corporate performance remained soft.

In this environment, consolidated net sales rose 5.3%, to ¥183.5 billion, bolstered by the positive impact of the depreciation of the yen against other currencies. In contrast, operating income fell 38.2%, to ¥1.8 billion, as a worsening market environment and rising fuel and raw materials costs hampered results in our materials businesses. Ordinary income declined 28.3%, to ¥1.6 billion. Nonetheless, we reported net income of ¥0.2 billion, up from a net loss of ¥1.6 billion in the three months ended June 30, 2012, owing to a decline in net extraordinary loss. Net income per share was ¥0.24, compared with a net loss per share of ¥1.66 in the corresponding period of the previous fiscal year.

Business Segment Results

Advanced Fibers and Composites
Sales in the Advanced Fibers and Composites segment totaled ¥28.2 billion, while operating income was ¥0.2 billion.

High-Performance Fibers
Market conditions remained far from encouraging, but signs of a recovery were seen for certain applications.

Demand for *Twaron* para-aramid fibers for use in fiber optic cables was solid, while that for automotive applications bottomed out and began to improve. However, demand for use in ballistic protection products and protective clothing remained lackluster, while pricing pressure from competitors intensified in most product categories. Demand for *Technora* para-aramid fibers was steady for automotive applications in Japan, but continued to falter overseas. *Teijinconex* meta-aramid fibers benefited from a recovery in demand for general industrial applications in overseas markets and from an increase in demand for use in filters in the PRC triggered by environmental issues. In polyester fibers for industrial applications, sales were firm for use in personal hygiene products, as well as for civil engineering and construction-related applications.

In this environment, we resolved to commercialize a new type of meta-aramid fiber offering superior heat resistance and dyeability. Against a background of increasingly stringent regulations pertaining to heat-resistant materials and environmental safety, we will focus efforts to nurture sales of the new product in promising Asian markets and emerging economies.

Carbon Fibers and Composites

Demand for use in aircraft remained favorable, supported by production increases by aircraft manufacturers.

Shipments of *Tenax* carbon fibers remained favorable for use in aircraft, while among general industrial applications demand was steady for use in pressure vessels for natural gas–related applications, supported by the expansion of shale gas development in North America. However, demand for other applications languished, owing to the uncertain economic outlook in Europe and the PRC. Sales prices—which had fallen as a result of moves by manufacturers across the industry to boost production capacity, thereby weakening the supply–demand balance—finally bottomed out and began showing signs of recovery.

In this environment, we sought to capitalize on rising demand, particularly for high-performance products. We also focused on shifting to a solutions-based business model that emphasizes responding to customer and market needs and pushed forward with R&D and other initiatives aimed at maintaining or reinforcing our global competitiveness in such areas as product quality and cost competitiveness. To this end, we continued to actively promote meticulous measures aimed at improving the performance of our composites products through technological advances at all stages of the production process, from raw materials and carbon fibers though to intermediate products and molded composites.

Efforts to develop and commercialize thermoplastic carbon fiber–reinforced plastic (CFRP) for use in components for mass-produced vehicles progressed smoothly. Our new CFRP pilot plant, situated within the Teijin Composites Innovation Center at our Matsuyama Plant, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, continued to collaborate in product development and verification testing for mass-production procedures.

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥44.3 billion and an operating loss of ¥0.2 billion.

Resin and Plastics Processing

Pricing competition for polycarbonate resin intensified, owing to flagging demand. In contrast, sales of processed plastics products were favorable.

Mainstay polycarbonate resins *Panlite* and *Multilon* labored, a consequence of persistent economic stagnation in Europe and decelerating economic growth in the PRC, as well as to a fierce price offensive by competitors, as we sought to preserve sales volume for both through flexible pricing. Demand for use in copiers and other office equipment remained firm. In Asian markets, efforts focused on sales to the automotive industry, which continues to see high growth.

In the area of processed plastics products, sales of *Panlite Sheet* were favorable for use in automotive instrument panels and dummy cans for vending machines, as were sales of *PURE-ACE* polycarbonate retardation film for 3D glasses for movie theaters and vehicle navigation systems. During the period, we commenced full-scale shipments of *PURE-ACE* RM reverse-dispersion solvent-cast retardation film for use as antireflective film for smartphones and tablet computers, a growing market.

In specialty polycarbonate resins, we proceeded with efforts to expand sales by broadening the focus of marketing for use in smartphone and tablet computer camera lenses. We also saw an increase in the adoption of our polyethylene naphthalate (PEN) resin for use in school lunch dishware.

Films

Domestic demand for use in solar cells was robust, while that for electronics applications—with the exception of smartphones and tablet computers—was sluggish.

We have a number of polyester films joint ventures with E.I. du Pont de Nemours and Company (DuPont) of the United States around the world. In Japan, sales of highly durable polyethylene terephthalate (PET) film expanded, as demand for use in solar cells from housing companies and manufacturers of megasolar power plants continued on an uptrend. Demand for smartphones and tablet computers—both high-end applications—was sturdy. Nonetheless, the operating environment remained harsh, as the termination of subsidies for the purchase of energy-efficient household appliances in the PRC intensified competition for use in liquid crystal display televisions (LCD TVs) and for electronics components, while the weaker yen drove up raw materials costs. In addition to marketing *Teonex* PEN film for use as data storage film, we pushed forward with efforts to develop other new products for automotive and energy-related applications.

Overseas, sales remained steady in the PRC, buoyed by healthy demand. However, profitability in Europe was impeded mainly by flagging demand for use in solar cells. Looking ahead, we will endeavor to fortify our earnings base by leveraging the competitive advantages afforded by our global production and sales capabilities to secure demand in the PRC and the Association of Southeast Asian Nations (ASEAN) region, both of which are expected to see further market growth.

Healthcare

Sales in the Healthcare segment came to ¥31.5 billion, while operating income was ¥4.6 billion.

Pharmaceuticals

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

The operating environment in Japan was harsh, owing to increasingly intense competition and rising sales of generic drugs in the market for osteoporosis treatments. Despite overall market conditions, sales of *Feburic* (febuxostat), our novel tablet-form treatment for hyperuricemia and gout, expanded favorably, capturing the top share of the domestic market for such treatments. We also saw steady growth in sales of *Bonalon*®* Bag for I.V. Infusion 900 µg and *Bonalon*® Jelly 35 mg, developed with the aim of enhancing the compliance of osteoporosis patients, that is, the degree to which patients correctly follow medication regimens. Sales of *Somatuline*®† subcutaneous injection, a treatment for acromegaly and pituitary gigantism launched in January 2013, increased.

Overseas, sales of febuxostat continued to strengthen. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories, in 29 of which the drug is currently being sold. We are in the process of obtaining regulatory approval to sell the drug in the remaining 88 countries and territories.

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

† *Somatuline*® is a registered trademark of Ipsen Pharma S.A.S., Paris, France.

In R&D, we commenced clinical trials in Japan for ADC3680 (development code: PTR-36)—a treatment for bronchial asthma licensed in from U.K. firm Pulmagen Therapeutics (Asthma) Limited in 2012—in June 2013. The same month, we also concluded a collaborative agreement with Amgen Inc. of the United States to discover, develop and commercialize novel therapies for autoimmune diseases. Initially, we will collaborate with Amgen in research aimed at discovering truly groundbreaking new therapeutic compounds.

Home Healthcare

Rental volumes remained high or increased.

We currently provide home healthcare services to approximately 430,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained high, thanks to the release of new therapeutic oxygen concentrator models *Hi-Sanso* 3S and *Hi-Sanso Portable* α (alpha). Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) rose favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks and which also provides pertinent data to medical care facilities to enhance the effectiveness of treatment. The rental markets for our noninvasive positive pressure ventilators (NPPVs) (the *NIP NASAL* series and *AutoSet* CS) and for *SAFHS* (Sonic Accelerated Fracture Healing System) also expanded encouragingly. In April 2013, we launched the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke. Going forward, we will gradually broaden marketing efforts for this device, which currently focus on medical institutions in the Tokyo metropolitan area, with the aim of expanding rentals.

Overseas, we currently provide home healthcare services in the United States, Spain and the Republic of Korea (ROK). In the period under review, we continued working to improve the efficiency of our operations and to reinforce our earnings base in all three markets.

Trading and Retail

The Trading and Retail segment yielded sales of ¥57.1 billion, while operating income was ¥0.6 billion. During the period, efforts to showcase Teijin Frontier's comprehensive strengths highlighted its ability to propose solutions that capitalize on our integrated capabilities.

In the fiber materials and apparel business, subsidiary Teijin Frontier, which was established in October 2012, reorganized its polyester filaments and textiles business and in April 2013 created the Fiber Materials & Apparel Division Group. Capitalizing on its production facilities in Japan, the PRC and the ASEAN region, Teijin Frontier also promoted decisive initiatives aimed at expanding sales of original materials. Thanks to these efforts, as well as to the weakening of the yen from late 2012 forward, Teijin Frontier's exports of textiles to Europe and North America for use in fashion apparel and sportswear and to the Middle East got off to a smooth start.

In textiles and apparel, we sought to further strengthen our OEM production configuration by promoting collaboration with the fiber materials and apparel business. We also proceeded with the expansion of our production network in the ASEAN region. While the initial aim of this initiative was to diversify our materials procurement, another challenge emerged with the deprecation of the yen, namely, higher costs. To further reinforce our fashion apparel business, in April

2013 we established the SCM Promotion Department. The department, which is charged with advancing supply chain management, spearheaded the organization of a fashion apparel exhibition designed to showcase Teijin Frontier's comprehensive strengths, highlighting its ability to propose solutions that capitalize on our integrated capabilities, which encompass everything from polyester filaments and textiles for apparel through to finished products.

In the area of industrial textiles and materials, we pressed ahead with efforts to strengthen our overseas production and supply configuration for materials for automotive applications to meet the needs of overseas and Japanese customers seeking to use locally sourced materials at offshore production facilities, which supported favorable results for rubber materials, as well as for materials used in airbags and vehicle seats. In materials for automotive applications in Japan, sales of materials for belts, airbags and tires were firm. In general-purpose materials, sales of materials for agricultural, fisheries and civil engineering–related applications were brisk, as were sales of nonwoven fabrics and industrial-use sewing thread. Shipments of interior materials and films and plastics slackened, a consequence of sluggish market conditions.

Qualitative Information on Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets as of June 30, 2013, amounted to ¥783.8 billion, up ¥21.4 billion from the end of fiscal 2012, as the weaker yen enhanced the value of assets denominated in other currencies. Stock purchases and other factors pushed up the value of investment securities, while seasonal factors underscored higher inventories.

Total liabilities, at ¥488.9 billion, were up ¥18.7 billion from the fiscal 2012 year-end. Interest-bearing debt, which includes commercial paper, short-term loans payable, bonds payable and long-term loans payable, rose ¥16.9 billion, to ¥287.7 billion, mainly a result of increases in the yen value of outstanding debt denominated in other currencies, owing to the depreciation of the yen.

Total net assets advanced ¥2.8 billion, to ¥294.9 billion. Shareholders' equity and total valuation and translation adjustments together represented ¥274.1 billion of the total, up ¥2.9 billion. This increase occurred despite the impact of cash dividends paid and was attributable to, among others, a decline in the deduction for foreign currency translation adjustments.

Qualitative Information on Outlook for Operating Results

Outlook for Fiscal 2013

Forecast for Operating Results

(Billions of yen/ %)

	Net sales	Operating income	Ordinary income	Net income (loss)
Fiscal 2013 (forecast)	¥830.0	¥25.0	¥23.0	¥8.0
Fiscal 2012	745.7	12.4	9.8	(29.1)
Change	+84.3	+12.6	+13.2	+37.1
Percentage change	+11%	+102%	+135%	—

Despite solid signs of an upturn in the United States, hopes for a swift global economic recovery appear slim, in light of visibly slower growth in the PRC and other emerging economies and persistently sluggish conditions in Europe. Although the Japanese economy is expected to remain on a gentle upswing, bolstered by improved export profitability—a consequence of the steadily weakening yen—and by government stimulus policies, it has yet to gain sufficient strength for an autonomous recovery and a revival of growth.

Given this outlook, and having acknowledged the exigency of enhancing our profit structure through our own initiatives, rather than by relying on a favorable turn in the general operating environment, we will press forward with measures aimed at swiftly rebuilding our earnings base. In particular, we will seek to enhance cost competitiveness by realigning and restructuring production configurations in our materials businesses and to slash costs for support functions through the reorganization of our head office. We will also promote ongoing Groupwide efforts to reduce costs.

In line with our medium- to long-term management vision, CHANGE for 2016, announced in February 2012, we will continue working to secure profitable sustainable growth by implementing essential basic strategies designed to transform our four fundamental portfolios while ensuring effective risk management. In addition, we will step up efforts to boost sales capabilities by augmenting our training for sales personnel in our materials businesses and our branding activities, as well as expand efforts to revamp our R&D structure, including through the promotion of open innovation.

For fiscal 2013, we forecast consolidated net sales of ¥830.0 billion, operating income of ¥25.0 billion and ordinary income of ¥23.0 billion. We also forecast net income of ¥8.0 billion. These are unchanged from our initial forecasts, which we announced May 9, 2013. These forecasts assume exchange rates of ¥96 to US$1.00 and ¥126 to €1.00, with an average Dubai crude oil price of US$100 per barrel.

Forecast for Segment Results for Fiscal 2013

(Billions of yen)

	Net sales		Operating income (loss)	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 60.0	¥ 125.0	¥ 1.5	¥ 4.0
Electronics Materials and Performance Polymer Products	95.0	195.0	(1.0)	0.5
Healthcare	70.0	145.0	9.5	25.0
Trading and Retail	125.0	260.0	2.0	5.0
Total	350.0	725.0	12.0	34.5
Others	50.0	105.0	1.0	4.0
Elimination and corporate	—	—	(6.5)	(13.5)
Consolidated total	¥400.0	¥830.0	¥ 6.5	¥ 25.0

2. Other Information

Changes in significant subsidiaries during the period under review:

Effective from the first quarter of fiscal 2013, as a result of an absorption-type merger implemented as part of a realignment of the Teijin Group, consolidated subsidiary Teijin Chemicals Limited was dissolved and is thus excluded from the scope of consolidation.

Adoption of special quarterly accounting methods:

Certain of the Company's consolidated subsidiaries have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the first quarter, 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:

Change in method used to account for rental home healthcare devices

To date, certain of the home healthcare devices that the Company rents have been recognized in expenses at the time of rental. However, effective from fiscal 2013 the Company recognizes these devices as fixed assets and depreciates them using the straight-line method. The Company anticipates rapid growth in the market for CPAP ventilators for the treatment of SAS and has established a business configuration capable of responding to such growth. In light of these factors, having considered what accounting method would most appropriately reflect the stable environment for use of its core CPAP ventilators at present and in the future, the Company resolved to treat these devices as fixed assets and to depreciate them using the straight-line method, which it uses to depreciate its other home healthcare devices. As a result of this change, consolidated operating income, ordinary income and income before income taxes for the three months ended June 30, 2013, were each ¥561 million higher than would have been the case had the previous method been used.

3. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
< Assets >		
Current assets		
Cash and time deposits	48,858	33,374
Trade notes and accounts receivable	169,015	159,559
Finished goods	74,110	89,109
Work in process	9,468	10,392
Raw materials and supplies	28,054	31,487
Other current assets	46,408	52,132
Allowance for doubtful receivables	(3,659)	(3,596)
Total	**372,255**	**372,459**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,359	70,662
Machinery and equipment, net	101,287	99,587
Other, net	73,209	76,066
Total	**244,856**	**246,316**
Intangible assets		
Goodwill	18,104	17,695
Other	15,571	15,817
Total	**33,676**	**33,512**
Investments and other assets		
Investment securities	64,796	84,749
Other	49,154	49,158
Allowance for doubtful receivables	(2,339)	(2,381)
Total	**111,611**	**131,526**
Total non-current assets	**390,143**	**411,355**
Total assets	**762,399**	**783,814**

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
< Liabilities >		
Current liabilities		
Trade notes and accounts payable	91,875	99,229
Short-term loans payable	67,326	73,622
Current portion of long-term loans payable	52,389	61,953
Commercial paper	―	3,000
Current portion of bonds	16,996	993
Income taxes payable	2,890	832
Other	57,801	54,544
Total	**289,281**	**294,174**
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	102,247	116,303
Provision for retirement benefits	20,351	21,079
Other	28,391	27,372
Total	**180,990**	**194,755**
Total liabilities	**470,271**	**488,930**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,407	101,408
Retained earnings	107,328	105,596
Treasury stock	(415)	(417)
Total	**279,137**	**277,404**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,550	13,380
Deferred gains on hedges	1,069	1,759
Foreign currency translation adjustment	(22,505)	(18,422)
Total	**(7,885)**	**(3,282)**
Subscription rights to shares	**649**	**672**
Minority interests	**20,226**	**20,089**
Total net assets	**292,127**	**294,883**
Total liabilities and net assets	**762,399**	**783,814**

(2) Consolidated Statements of Income

(Millions of yen)

	For the first quarter ended June 30, 2012	For the first quarter ended June 30, 2013
Net sales	**174,335**	**183,520**
Cost of sales	127,489	137,899
Gross profit	**46,846**	**45,621**
Selling, general and administrative expenses	43,874	43,784
Operating income	**2,971**	**1,837**
Nonoperating revenues		
Interest income	108	118
Dividends income	446	499
Equity in earnings of affiliates	371	–
Foreign exchange gains	–	17
Gain on valuation of derivatives	–	725
Miscellaneous income	421	166
Total	1,347	1,528
Nonoperating expenses		
Interest expenses	872	890
Equity in losses of affiliates	–	128
Foreign exchange losses	758	–
Miscellaneous loss	480	764
Total	2,111	1,782
Ordinary income	**2,207**	**1,582**
Extraordinary income		
Gain on sales of noncurrent assets	59	30
Gain on transfer of business	–	102
Other	9	13
Total	68	147
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	162	219
Loss on valuation of investment securities	762	88
Flood-related expenses	944	–
Other	686	90
Total	2,555	397
Income (loss) before income taxes	**(278)**	**1,332**
Income taxes	**1,561**	**1,097**
Income (loss) before minority interests	**(1,840)**	234
Minority interests in income (loss)	(201)	1
Net income (loss)	**(1,638)**	233

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the first quarter ended June 30, 2012	For the first quarter ended June 30, 2013
Income (Loss) before minority interests	**(1,840)**	**234**
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,397)	(170)
Deferred gains (losses) on hedges	(1,141)	690
Foreign currency translation adjustment	(5,123)	4,080
Share of other omprehensive income of associates accounted for using the equity method	(68)	(4)
Total	**(7,730)**	**4,596**
Comprehensive income	**(9,570)**	**4,830**
Breakdown of comprehensive income:		
Comprehensive income attributable to owners of the parent	(9,300)	4,836
Comprehensive income attributable to minority interests	(270)	(6)

(3) Notes Pertaining to Going Concern Assumption

No

(4) Notes on Significant Changes in Shareholders' Equity

No

(5) Segment Information, etc.

I. Outline of segments

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by its chief decision-making authority in determining the allocation of management resources and in assessing performance. The Company currently divides its operations into business groups, based on type of product, nature of business and services provided. The business groups formulate product and service strategies in a comprehensive manner in Japan and overseas.

Accordingly, the Company divides its operations into four reportable operating segments on the same basis as it uses internally: Advanced Fibers and Composites (comprising High-Performance Fibers and Carbon Fibers and Composites); Electronics Materials and Performance Polymer Products (comprising Polycarbonate Resin and Plastics Processing, and Films); Healthcare; and Trading and Retail.

Within the Advanced Fibers and Composites segment, the High-Performance Fibers business encompasses the production and sale of advanced aramid fibers and polyester fibers for industrial applications, and the Carbon Fibers and Composites business includes the production and sales of carbon fibers and composites. Within the Electronics Materials and Performance Polymer Products segment, the Polycarbonate Resin and Plastics Processing business involves the production and sale of polycarbonate resin, other resins and resin products, while the Films business includes the production and sales of polyester films. Healthcare encompasses the production and sales of pharmaceuticals, the production and rental of home healthcare devices and the provision of home healthcare services. Trading and Retail focuses on the planning, OEM production and trading and retail of polyester filaments, other fibers and polymer products.

II.FY12 1Q results (April 2012 - June 2012)

1. Segment sales and operating income (loss)

(Millions of yen)

	Reportable operating segments					Others*	Grand total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Total		
Sales							
1) External customers	26,145	43,730	31,185	54,897	155,958	18,376	174,335
2) Intersegment transactions or transfers	4,922	1,531	0	781	7,234	11,099	18,334
Net sales	31,068	45,261	31,185	55,678	163,193	29,475	192,669
Segment income (loss)	(322)	1,603	3,804	744	5,830	366	6,197

* "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	5,830
Others segment	366
Elimination of intersegment transactions	71
Corporate expenses*	(3,296)
Operating income	2,971

* 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

III. FY13 1Q results (April 2013 - June 2013)

1. Segment sales and operating income (loss)

(Millions of yen)

	Reportable operating segments					Others*	Grand total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Total		
Sales							
1) External customers	28,240	44,304	31,492	57,051	161,089	22,431	183,520
2) Intersegment transactions or transfers	6,611	1,489	–	782	8,882	6,103	14,985
Net sales	34,851	45,793	31,492	57,833	169,971	28,534	198,506
Segment income (loss)	193	(228)	4,600	588	5,153	(2)	5,150

* "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	5,153
Others segment	(2)
Elimination of intersegment transactions	(106)
Corporate expenses*	(3,207)
Operating income	1,837

* 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

(6) Business Combination

Mergers Involving Subsidiaries

At the Board of Directors' meeting held on May 9, 2012, the directors resolved to implement merger involving the Company and its consolidated subsidiary Teijin Chemicals Limited. The merger was implemented on April 1, 2013.

Purpose of Group realignment

The purpose of these measures was to enhance market responsiveness and integrate fundamental technologies in a bid to evolve toward an organization that is capable of continuously creating value for customers, a key objective of the Company's new medium- to long-term management vision.

Agenda

Approval of the Board of Directors	May 9, 2012
Date of contract	May 25, 2012
Effective date of the merger	April 1, 2013

For the Company, the merger with Teijin Chemicals Limited was simplified merger as provided for in Article 796, Paragraph 3, of the Companies Act of Japan, with the Company as the surviving company. For Teijin Chemicals Limited, the merger with the Company was a short-form merger as provided for in Article 784, Paragraph 1, of the Companies Act of Japan, whereby the consolidated subsidiary was the absorbed company. Accordingly, there was no requirement to submit this contract for approval at the general meeting of shareholders.

Legal form of the merger

Simple absorption-type merger in which the Company is the surviving company and Teijin Chemical Limited was absorbed.

Allocation of shares

Because Teijin Chemicals Limited was wholly owned subsidiary, there was no issue or allocation of new shares and no increase in capital as a result of this mergers.

Names and major businesses of the absorbed companies

Name	Major business
Teijin Chemicals Limited	Manufacture and sales of polycarbonate resin, other resins and resin products

Outline of accounting treatment

The transaction was implemented as a business combination under common control, in accordance with accounting principles for business combination.

Supplementary Information

1. Movement of consolidated results

(1) Movement of results

(Billions of yen)

	FY2012 1Q	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q
Net sales	174.3	183.9	184.8	202.6	183.5
Operating income	3.0	4.4	2.8	2.2	1.8
Ordinary income	2.2	2.7	3.6	1.3	1.6
Net income (loss)	(1.6)	1.0	1.5	(30.0)	0.2

(2) Movement of industrial segment information

(Billions of yen)

	FY2012 1Q	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q
Net sales					
Advanced Fibers and Composites	26.1	26.6	25.2	33.2	28.2
Electronics Materials and Performance Polymer Products	43.7	44.7	43.0	44.1	44.3
Healthcare	31.2	33.1	35.7	38.3	31.5
Trading and Retail	54.9	60.8	60.9	60.7	57.1
Total	156.0	165.2	164.8	176.2	161.1
Others	18.4	18.7	20.0	26.4	22.4
Consolidated total	174.3	183.9	184.8	202.6	183.5
Operating income (loss)					
Advanced Fibers and Composites	(0.3)	0.6	(2.0)	(3.0)	0.2
Electronics Materials and Performance Polymer Products	1.6	(0.1)	(0.4)	(3.0)	(0.2)
Healthcare	3.8	5.5	7.1	8.4	4.6
Trading and Retail	0.7	1.4	1.5	1.0	0.6
Total	5.8	7.4	6.2	3.5	5.2
Others	0.4	0.2	0.8	2.9	(0.0)
Elimination & corporate	(3.2)	(3.2)	(4.3)	(4.1)	(3.3)
Consolidated total	3.0	4.4	2.8	2.2	1.8

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

(Billions of yen)

	FY2010 (Actual)	FY2011 (Actual)	FY2012 (Actual)	FY2013 1Q (Actual)	FY2013 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	25.3	28.3	33.1	5.7	36.0
Total	29.2	32.3	36.3	6.6	40.0
Depreciation & amortization*	56.4	52.3	46.9	11.3	45.0
Research & development	31.5	31.8	33.2	7.6	34.0

* Depreciation and amortization includes amortization of goodwill.

3. Foreign Exchange Rate

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

	FY2011 (Actual)	FY2012 (Actual)	FY2013 1Q (Actual)	FY2013 (Outlook)
JPY/USD	82	94	99	95
USD/EUR	1.34	1.28	1.30	1.32

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

	FY2011 (Actual)	FY2012 (Actual)	FY2013 1Q (Actual)	FY2013 (Outlook)
JPY/USD	80	83	99	96
USD/EUR	1.38	1.29	1.31	1.31

4. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2011 (Actual)	FY2012 (Actual)	FY2013 1Q (Actual)
Bonalon ®	Osteoporosis	20.5	15.9	3.2
Venilon ®	Severe infectious diseases	9.4	9.9	2.2
Feburic ®	Hyperuricemia and gout	0.9	5.5	1.9
Mucosolvan ®	Expectorant	9.9	9.0	1.7
Onealfa ®	Osteoporosis	11.1	7.9	1.5
Laxoberon ®	Laxative	4.2	4.0	0.8
Tricor ®	Hyperlipidemia	1.5	1.8	0.4
Bonalfa ®	Psoriasis	1.4	1.4	0.3
Alvesco ®	Asthma	1.3	1.3	0.3
Synvisc ®	Osteoarthritis pain in the knee	1.7	1.2	0.2
Spiropent ®	Bronchodilator	1.0	0.9	0.2

5. Development status of new pharmaceuticals

(As of June 30, 2013)

Products	Indication	Stage
ITM-014	Acromegaly, Pituitary Gigantism	Commenced sales in Japan in January, 2013
GTH-42J(*Bonalon* ®)	Osteoporosis	Commenced sales in Japan in March, 2013
GGS(*Venilon* ®)	Optic neuritis	Ph III
TMX-67	Hyperuricemia and gout	Ph III (PRC)
GGS(*Venilon* ®)	Microscopic PolyAngitis (MPA)	Ph II
ITM-058	Osteoporosis	Ph II
KTP-001	Treatment for lumbar disc herniation	Ph I / II (US)
NA872ET(*Mucosolvan* ®)	Expectorant	Ph I
TMG-123	TypeII Diabetes	Ph I
PTR-36	Bronchial asthma	Ph I

* *Bonalon* ® is the registered trademark of Merck Sharp & Dohme Corp., Whitehouse Station, NJ, USA.