TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the six months ended September 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)

November 1, 2013

Company name : **TEIJIN LIMITED** (Stock code 3401) http://www.teijin.com
Contact person : Masahiro Ikeda General Manager, IR section TEL: +81-(0)3-3506-4395

(Amounts less than one million yen are omitted)

1. Highlight of the Second quarter of FY13 (April 1, 2013 through September 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 second quarter ended September 30, 2013	381,807	6.6	5,187	-29.7	4,101	-16.1	4,574	–
For the second quarter ended September 30, 2012	358,258	-9.0	7,375	-64.3	4,888	-77.4	(593)	–

cf. Comprehensive income: 5,444million yen (FY2012: (10,252) million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the second quarter ended September 30, 2013	4.65	4.64
For the second quarter ended September 30, 2012	(0.60)	–

* E.P.S.: Earnings per share

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of September 30, 2013	766,798	295,494	35.9
As of March 31, 2013	762,399	292,127	35.6

cf. Shareholders' equity: 275,195million 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	–	2.00			
FY2013 (Outlook)			–	2.00	4.00

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

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

(Percentages are 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	800,000	7.3	20,000	61.8	18,000	83.9	8,000	–	8.13

Note: Revision of outlook for fiscal 2013 consolidated operating results in the second quarter: Yes

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 7.

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

The global economy remained slack in the six months ended September 30, 2013, reflecting waning growth in emerging economies. While firm business conditions exerted a positive influence in the United States, economic stagnation persisted in Europe. In emerging economies, growth was visibly slower, as an outflow of capital spurred by expectations of a tapering of quantitative easing in the United States exposed structural weaknesses. The Japanese economy continued on a gradual upswing, bolstered by the steadily weakening yen and by government stimulus policies, including the approval of a revised budget, but the real economy lingered on the road to recovery as manufacturers maintained a deeply cautious stance toward capital investment.

In this environment, consolidated net sales rose 6.6%, to ¥381.8 billion, spurred by the depreciation of the yen against other currencies. In contrast, operating income fell 29.7%, to ¥5.2 billion, as a deterioration of the supply–demand situation and fierce competition hampered results in the Electronics Materials and Performance Polymer Products segment. Ordinary income declined 16.1%, to ¥4.1 billion. Nonetheless, we reported net income of ¥4.6 billion, up from a net loss of ¥0.6 billion in the six months ended September 30, 2012, owing to a gain on sales of investment securities and other factors. Net income per share was ¥4.65, compared with a net loss per share of ¥0.60 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 ¥58.4 billion, while operating income was ¥2.4 billion.

High-Performance Fibers
Market conditions remained far from encouraging, but indications of a recovery in demand were seen.

Despite a delay in the recovery of demand for *Twaron* para-aramid fibers for use in ballistic protection products and protective clothing, sales were firm as demand for use in fiber optic cables and for automotive applications began to improve. Pricing pressure from competitors continued to intensify in most product categories. Demand for *Technora* para-aramid fibers was stable in Japan for automotive applications, while the weakening of the yen enhanced the profitability of exports. *Teijinconex* meta-aramid fibers benefited from firm demand for use in turbocharger hoses, among others, while demand for use in filters expanded despite mounting competition. In polyester fibers for industrial applications, sales were firm for use in personal hygiene products and bedding, but soft for automotive and other applications. We also took steps to enhance our ability to provide solutions in the safety and protection field, including developing an ultralight ceiling material made with *V-La*p, a vertically lapped nonwoven fabric. In the People's Republic of China (PRC), our polyester recycling joint venture in Zhejiang Province pushed ahead with the construction of a new facility in preparation for the start of operations in May 2014.

In this environment, we resolved to commercialize a new type of meta-aramid fiber offering superior heat resistance and dyeability and proceeded with preparations to begin production in Thailand in July 2015. Against a background of increasingly stringent regulations pertaining to heat-resistant materials and environmental safety, we will focus on expanding our business in promising Asian markets and emerging economies. Looking ahead, we will also press forward with decisive efforts to reduce costs and cultivate new applications with the aim of securing stable profitability.

Carbon Fibers and Composites

A new subsidiary was established in Singapore as we sought to accelerate the expansion of operations in Asia.

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, reflecting the uncertain economic outlook in Europe and the PRC. Sales prices, which had flagged since early in 2013, bottomed out and began to show signs of recovery out, although the outlook remained difficult to gauge, owing to sales offensives by other manufacturers, particularly late market entrants overseas.

In this environment, we sought to accelerate the expansion of our operations in promising Asian markets. To this end, in July 2013 we established Toho Tenax Singapore Pte. Ltd. with the aim of strengthening our local operations, particularly in India and the Association of Southeast Asian Nations (ASEAN) region. On another note, German subsidiary Toho Tenax Europe GmbH received the 2013 AVK Innovation Award in the Innovative Products category for its newly developed, highly efficient production technologies for thermosetting carbon fiber-reinforced plastic (CFRP).

Efforts to build our new thermoplastic CFRP into a major new business, including development and commercialization for use in components for mass-produced vehicles, continued to progress smoothly. A recent highlight was the introduction of *Sereebo*, the new brand name for our thermoplastic CFRP products. An acronym for "save the earth, revolutionary and evolutionary carbon," *Sereebo* reflects our conviction that environment-friendly CFRP will transform manufacturing. This material has been chosen by Nikon Corporation for use in a new digital single-lens reflex (SLR) camera. Going forward, we will hasten efforts to cultivate applications for *Sereebo*, which achieves a groundbreaking reduction in molding time, thereby facilitating mass production and enhancing recyclability and helping to reduce the weight, thinness and size of finished products. We will also continue working to promote the *Sereebo* brand, which evokes the ability of our technologies to contribute to society.

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥91.3 billion and an operating loss of ¥2.7 billion.

Resin and Plastics Processing

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

Despite efforts to preserve sales volumes, mainstay polycarbonate resin labored as sales prices sagged against a backdrop of unrelenting economic stagnation in Europe and decelerating growth in the PRC. While demand for both *Panlite* and *Multilon* for use in copiers and other office equipment was firm, flagging market conditions continued to hamper demand for use in personal computers and digital cameras, among others. In the PRC and the ASEAN region, sales of *Panlite* were up for use in electrical and electronics components. In this environment, we responded to the deterioration of profitability at our plant in Singapore by resolving to realign the facility's production configuration, as well as by taking steps to shrink fixed costs and boost productivity.

In the area of specialty polycarbonate resin, we broadened the focus of our marketing efforts, which contributed to robust sales for use in lenses for smartphone and onboard vehicle cameras in Taiwan, the PRC and the Republic of Korea (ROK). In processed plastics products, sales of *Panlite Sheet* were favorable for use in automotive instrument panels, motorcycle windshields and in dummy cans for vending machines, as were sales of *PURE-ACE* polycarbonate retardation film for vehicle navigation systems. Highlights included the development of *Fireguard* FCX-210, a new phosphorus flame retardant that is suitable for use in a broad range of resins, and commenced sample shipments with a view to realizing mass production and to cultivating applications.

Films

Demand for use in liquid crystal display (LCD) televisions flagged in emerging economies. Demand for other 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. Sales of products for electronics applications were limp, as demand for use in LCD televisions flagged in emerging economies, while sales prices slipped as a result of increasing competition with overseas film manufacturers. While buoyant demand underpinned steady sales for use in smartphones and tablet computers, stagnant demand pushed down sales for packaging applications. *Teonex* polyethylene naphthalate (PEN) film struggled as demand for use in data backup tapes slumped worldwide.

Overseas, demand for use in solar cells in Europe flagged. This was offset by sales for packaging and general industrial applications, enabling local production bases to preserve operating rates. In the United States, profitability was enhanced by ongoing efforts to reduce costs and at the same time preserve high operating rates. In the PRC, we sought to maintain profitability at the current level by increasing sales for industrial applications to counter the negative impact of facility expansion by local manufacturers.

Looking ahead, we will continue working to integrate this business with the resin and plastics processing business—the other component of the Electronics Materials and Performance Polymer Products segment—with the aim of offering greater value to customers, fostering demand and developing new products, particularly in the electronics and automotive fields.

Healthcare

Sales in the Healthcare segment came to ¥64.8 billion, while operating income was ¥9.4 billion.

Pharmaceuticals

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

The operating environment in Japan was harsh, owing to the launch of rival products and rising sales of generic drugs. Despite overall market conditions, sales of *Feburic* (febuxostat), our novel tablet-form treatment for hyperuricemia and gout, strengthened, capturing the top share of the domestic market for such treatments in terms of sales value. 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 febuxostat also continued to expand favorably overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories, in 31 of which the drug is currently being sold. We are in the process of obtaining regulatory approval to sell the drug in the remaining 86 countries and territories.

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

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. We also continued with clinical trials in the United States for KTP-001†, a treatment for herniated lumbar discs. Also in June, we concluded a drug discovery contract and an R&D and marketing option agreement with Amgen Inc. of the United States for novel treatments for autoimmune diseases. Initially, we will collaborate with Amgen in research aimed at discovering truly groundbreaking new drugs.

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 firm, 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 rose encouragingly. To shore up support services for individuals, we established a new home healthcare call center in Osaka, improving our ability to respond to patient needs. 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 boosting rentals.

Overseas, we currently provide home healthcare services in the United States, Spain and the 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 ¥120.9 billion, while operating income was ¥2.3 billion. During the period, efforts to showcase our comprehensive strengths highlighted our ability to propose solutions that capitalize on our integrated capabilities.

In the fiber materials and apparel business, we capitalized on our production facilities in Japan, the PRC and the ASEAN region and 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, exports of textiles to Europe and North America for use in fashion apparel and sportswear were robust. In addition, the supply of knit textiles from our production facilities in the ASEAN region remained on track. We also expanded efforts to market materials developed in-house, including the *Delta* series, to major sportswear manufacturers.

In textiles and apparel, the depreciation of the yen and rising personnel costs at production facilities combined to

† 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 Hirotaka 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

squeeze the profitability of our mainstay overseas OEM business. To reinforce our fashion apparel business, the SCM Promotion Department—which was established in April 2013—and the fiber materials and apparel business staged a comprehensive exhibition in June 2013 showcasing our ability to propose solutions that capitalize on our integrated capabilities, which encompass everything from materials development through to finished products. In addition, we took steps to expand sales of composite materials made with our exclusive *SOLOTEX* polytrimethylene terephthalate (PTT) fibers and of others.

In industrial textiles and materials, we strengthened 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. These efforts supported favorable results for rubber materials, as well as for materials used in airbags and vehicle seats, in the PRC and Thailand. In materials for automotive applications in Japan, sales of materials for belts, airbags and tires were firm. In our domestic general-purpose materials business, sales of materials for agricultural, fisheries and civil engineering–related applications were robust, as were sales of nonwoven fabrics. Shipments of interior materials and films and plastics slackened, a consequence of lackluster market conditions.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥46.3 billion and an operating loss of ¥0.3 billion.

In the IT business, sales of e-books expanded, contributing to steady sales in the net services category. With the aim of creating an operating structure capable of supporting further expansion, we resolved to spin off the net services business of subsidiary Infocom Corporation into a separate company called Amutus Corporation.

In new business development, we responded to rapidly increasing wastewater treatment needs in the PRC by expanding our operations in that country, which are anchored by Teijin (Shenyang) Environmental Technologies Co., Ltd. The city of Shenyang currently operates five decentralized sewage treatment plants and is preparing to build a sixth. These facilities employ our MSABP®‡ (Multi-Stage Activated Biological Process) system, which delivers benefits by suppressing excess sludge, thereby minimizing maintenance requirements and running costs and is earning considerable attention in the PRC. With a focus on three northeastern provinces, we provide distinctive comprehensive wastewater treatment solutions throughout the PRC that are contributing to efforts to reuse wastewater and reduce energy consumption and CO_2 emissions.

On another front, we made steady progress in our efforts to expand production capacity at our lithium-ion battery (LiB) separator production facility in the ROK with the aim of capitalizing on rapidly increasing demand for these separators, which have already been adopted for use by multiple battery manufacturers, in promising Asian markets.

‡ MSABP® is a registered trademark of Aquarius Technologies Inc. of the United States

Qualitative Information on Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets as of September 30, 2013, amounted to ¥766.8 billion, up ¥4.4 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. Cash and time deposits and trade notes and accounts receivable declined.

Total liabilities, at ¥471.3 billion, were up ¥1.0 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 ¥21.5 billion, to ¥292.3 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 ¥3.4 billion, to ¥295.5 billion. Shareholders' equity and total valuation and translation adjustments together represented ¥275.2 billion of the total, up ¥3.9 billion. This increase—which occurred despite the impact of cash dividends paid and of valuation differences on available-for-sale securities resulting from the sales of investment securities—was attributable to, among others, an increase in net income and a decline in the deduction for foreign currency translation adjustments, the latter due to the weakening of the yen.

Cash Flows

Net cash and cash equivalents provided by operating activities in the six month ended September 30, 2013, amounted to ¥3.2 billion. This result was despite an increase in inventories and a decrease in notes and accounts payable–trade and was attributable to, among others, income before income taxes, depreciation and amortization, amortization of goodwill and a decrease notes and accounts receivable–trade.

Net cash and cash equivalents used in investing activities amounted to ¥30.6 billion. Factors contributing to this result included outlays for the purchase of property, plant and equipment and for investment securities.

Free cash flow for the six month ended September 30, 2013 was thus a negative as operating and investing activities combined used a net total ¥27.3 billion.

Net cash and cash equivalents provided by financing activities amounted to ¥12.8 billion. This reflected the issue and redemption of bonds and commercial paper, the net result of proceeds from short- and long-term debt and the repayment thereof and the payment of dividends, among others.

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a net decrease in cash and cash equivalents of ¥14.0 billion as of September 30, 2013.

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)	¥800.0	¥20.0	¥18.0	¥8.0
Fiscal 2012	745.7	12.4	9.8	(29.1)
Change	+54.3	+7.6	+8.2	+37.1
Percentage change	+7%	+62%	+84%	—

Although the U.S. economy retains a firm underlying tone and the recession in Europe appears poised to bottom out, underscoring a gentle upswing in conditions in developed economies, global economic growth in fiscal 2013 is expected to be lower than in fiscal 2012, hampered by the significant impact of a slowdown in emerging economies. In Japan, it remains unclear—despite the prospect of a last-minute increase in demand prior to a consumption tax hike—whether the economy has gained sufficient strength to achieve an autonomous recovery. Insofar as relaxed monetary policy remains a key factor shoring up many economies around the world, downside risks continue to attract concern.

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, as well as 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—business, geographic, technology and human resources—and by ensuring effective risk management.

In light of persistently sluggish conditions in key electronics markets, notably those for products used in liquid crystal display (LCD) televisions, personal computers, digital cameras and other electronics equipment, we have revised our full-term operating results forecasts for fiscal 2013, with the exception of that for net income. We currently forecast consolidated net sales of ¥800.0 billion, operating income of ¥20.0 billion, ordinary income of ¥18.0 billion and net income of ¥8.0 billion. These are down from our initial forecasts, announced in May 2013, which called for consolidated net sales of ¥830.0 billion, operating income of ¥25.0 billion and ordinary income of ¥23.0 billion.

Forecast for Segment Results for Fiscal 2013

(Billions of yen)

	Net sales		Operating income (loss)	
	First half	Full term (Forecast)	First half	Full term (Forecast)
Advanced Fibers and Composites	¥ 58.4	¥ 130.0	¥ 2.4	¥ 5.5
Electronics Materials and Performance Polymer Products	91.3	180.0	(2.7)	(5.0)
Healthcare	64.8	145.0	9.4	25.0
Trading and Retail	120.9	255.0	2.3	5.5
Total	335.5	710.0	11.4	31.0
Others	46.3	90.0	(0.3)	2.5
Elimination and corporate	—	—	(5.9)	(13.5)
Consolidated total	¥381.8	¥800.0	¥ 5.2	¥ 20.0

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 and second quarters, 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

Up to and including fiscal 2012, certain of the home healthcare devices that the Company rents were 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 in the first half of fiscal 2013—the six months ended September 30, 2013—were each ¥988 million higher than would have been the case had the previous method of depreciation been used.

Additionally, up to and including fiscal 2012, purchases of the aforementioned devices for rental, now recognized as fixed assets, were accounted for in cash flows from operating activities. However, effective from the three months ended June 30, 2013, these outlays are accounted for in purchase of property, plant and equipment in cash flows from investing activities. Depreciation of such equipment is now accounted for in depreciation and amortization in cash flows from operating activities. As a result of this change, net cash and cash equivalents provided by operating activities and net cash and cash equivalents used in investing activities in the first half of fiscal 2013 were ¥1.1 billion higher and ¥1.1 billion lower, respectively, than would have been the case had the previous method of accounting been used.

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, 2013	As of September 30, 2013
< Assets >		
Current assets		
Cash and time deposits	48,858	34,819
Trade notes and accounts receivable	169,015	156,456
Finished goods	74,110	88,415
Work in process	9,468	10,188
Raw materials and supplies	28,054	30,988
Other current assets	46,408	47,789
Allowance for doubtful receivables	(3,659)	(2,513)
Total	**372,255**	**366,154**
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	70,359	70,293
Machinery and equipment, net	101,287	96,886
Other, net	73,209	74,710
Total	**244,856**	**241,890**
Intangible assets		
Goodwill	18,104	16,993
Other	15,571	15,523
Total	**33,676**	**32,517**
Investments and other assets		
Investment securities	64,796	79,918
Other	49,154	49,523
Allowance for doubtful receivables	(2,339)	(3,206)
Total	**111,611**	**126,235**
Total non-current assets	**390,143**	**400,643**
Total assets	**762,399**	**766,798**

(Millions of yen)

	As of March 31, 2013	As of September 30, 2013
< Liabilities >		
Current liabilities		
Trade notes and accounts payable	91,875	83,131
Short-term loans payable	67,326	76,132
Current portion of long-term loans payable	52,389	39,266
Commercial paper	–	3,000
Current portion of bonds	16,996	1,501
Income taxes payable	2,890	2,214
Other	57,801	48,552
Total	**289,281**	**253,800**
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	102,247	140,636
Provision for retirement benefits	20,351	21,683
Other	28,391	25,183
Total	**180,990**	**217,503**
Total liabilities	**470,271**	**471,303**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,407	101,423
Retained earnings	107,328	109,937
Treasury stock	(415)	(380)
Total	**279,137**	**281,796**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,550	9,888
Deferred gains on hedges	1,069	1,265
Foreign currency translation adjustment	(22,505)	(17,755)
Total	**(7,885)**	**(6,601)**
Subscription rights to shares	**649**	**617**
Minority interests	**20,226**	**19,681**
Total net assets	**292,127**	**295,494**
Total liabilities and net assets	**762,399**	**766,798**

(2) Consolidated Statements of Income

(Millions of yen)

	For the second quarter ended September 30, 2012	For the second quarter ended September 30, 2013
Net sales	**358,258**	**381,807**
Cost of sales	263,148	289,216
Gross profit	**95,110**	**92,591**
Selling, general and administrative expenses	87,734	87,403
Operating income	**7,375**	**5,187**
Nonoperating revenues		
Interest income	201	248
Dividends income	487	542
Equity in earnings of affiliates	480	232
Gain on valuation of derivatives	―	621
Miscellaneous income	503	678
Total	1,673	2,323
Nonoperating expenses		
Interest expenses	1,728	1,801
Foreign exchange losses	1,003	62
Miscellaneous loss	1,427	1,545
Total	4,160	3,408
Ordinary income	**4,888**	**4,101**
Extraordinary income		
Gain on sales of noncurrent assets	825	166
Gain on sales of investment securities	0	8,162
Other	31	444
Total	858	8,773
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	363	459
Loss on valuation of investment securities	133	83
Impairment loss	676	2,546
Flood-related expenses	336	―
Other	202	639
Total	1,712	3,729
Income before income taxes	**4,034**	**9,145**
Income taxes	**4,590**	**4,964**
Income (loss) before minority interests	**(555)**	**4,181**
Minority interests in income (loss)	37	(392)
Net income (loss)	**(593)**	**4,574**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the second quarter ended September 30, 2012	For the second quarter ended September 30, 2013
Income (loss) before minority interests	**(555)**	**4,181**
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,362)	(3,662)
Deferred gains (losses) on hedges	(763)	195
Foreign currency translation adjustment	(5,578)	4,541
Share of other omprehensive income of associates accounted for using the equity method	8	188
Total	**(9,696)**	**1,263**
Comprehensive income	**(10,252)**	**5,444**
Breakdown of comprehensive income:		
Comprehensive income attributable to owners of the parent	(10,215)	5,857
Comprehensive income attributable to minority interests	(36)	(413)

(3) Consolidated Statements of Cash Flows

(Million yen)

	For the second quarter ended September 30, 2012	For the second quarter ended September 30, 2013
Cash flows from operating activities		
Income (loss) before income taxes	4,034	9,145
Depreciation and amortization	22,601	22,567
Impairment loss	676	2,546
Increase (decrease) in accounts payable-other	(1,818)	(3,093)
Interest and dividends income	(689)	(1,102)
Interest expenses	1,728	1,801
Equity in (earnings) losses of affiliates	(480)	(232)
Loss (gain) on sales of investment securities	15	(8,154)
Decrease (increase) in notes and accounts receivable-trade	15,962	14,253
Decrease (increase) in inventories	(17,865)	(15,739)
Increase (decrease) in notes and accounts payable-trade	3,739	(10,184)
Other, net	1,119	(4,318)
Subtotal	29,023	7,489
Interest and dividends income received	1,041	1,385
Interest expenses paid	(1,682)	(1,961)
Income taxes paid	(1,489)	(3,680)
Net cash and cash equivalents provided by operating activities	**26,893**	**3,233**
Cash flows from investing activities		
Purchase of property, plant and equipment	(16,700)	(17,478)
Proceeds from sales of property, plant and equipment	1,203	146
Purchase of intangible assets	(1,111)	(1,442)
Purchase of investment securities	(1,046)	(20,632)
Proceeds from sales of investment securities	17	10,370
Other, net	(751)	(1,526)
Net cash and cash equivalents used in investing activities	**(18,388)**	**(30,563)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(798)	6,376
Increase (decrease) in commercial papers	(5,000)	3,000
Proceeds from long-term loans payable	41,079	44,942
Repayment of long-term loans payable	(38,400)	(23,643)
Proceeds from issuance of bonds	4,938	2,497
Redemption of bonds	(3,416)	(18,096)
Cash dividends paid	(2,953)	(1,965)
Cash dividends paid to minority shareholders	(185)	(193)
Other, net	(162)	(162)
Net cash and cash equivalents provided by financing activities	**(4,896)**	**12,756**
Effect of exchange rate changes on cash and cash equivalents	**(765)**	**534**
Net increase (decrease) in cash and cash equivalents	2,843	(14,039)
Cash and cash equivalents at beginning of period	**33,283**	**48,700**
Cash and cash equivalents at end of period	**36,126**	**34,661**

(4) Notes Pertaining to Going Concern Assumption

No

(5) Notes on Significant Changes in Shareholders' Equity

No

(6) 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 2Q results (Apr. 2012 - Sept. 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	52,755	88,428	64,304	115,651	321,140	37,117	358,258
2) Intersegment transactions or transfers	11,370	3,041	0	1,508	15,921	25,382	41,303
Net sales	64,126	91,470	64,304	117,160	337,061	62,500	399,562
Segment income	315	1,466	9,288	2,157	13,228	555	13,783

* "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	13,228
Others segment	555
Elimination of intersegment transactions	216
Corporate expenses*	(6,624)
Operating income	7,375

* 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 2Q results (Apr. 2013 - Sept. 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	58,398	91,329	64,841	120,891	335,461	46,346	381,807
2) Intersegment transactions or transfers	13,746	2,711	—	2,009	18,467	11,756	30,223
Net sales	72,144	94,041	64,841	122,901	353,928	58,102	412,031
Segment income (loss)	2,366	(2,671)	9,369	2,347	11,412	(337)	11,074

* "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 (loss)	Amount
Total reportable operating segments	11,412
Others segment	(337)
Elimination of intersegment transactions	13
Corporate expenses*	(5,900)
Operating income	5,187

* 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

Material impairment of fixed assets

In the three months ended September 30, 2013, the Electronics Materials and Performance Polymer Products segment reported a loss on impairment of ¥2,543 million.

There was no material change in the amount of goodwill and no material gain on negative goodwil.

Supplementary Information

1. Movement of consolidated results

(1) Movement of results

(Billions of yen)

	FY2012 1Q	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q
Net sales	174.3	183.9	184.8	202.6	183.5	198.3
Operating income	3.0	4.4	2.8	2.2	1.8	3.4
Ordinary income	2.2	2.7	3.6	1.3	1.6	2.5
Net income (loss)	(1.6)	1.0	1.5	(30.0)	0.2	4.3

(2) Movement of industrial segment information

(Billions of yen)

	FY2012 1Q	FY2012 2Q	FY2012 3Q	FY2012 4Q	FY2013 1Q	FY2013 2Q
Net sales						
Advanced Fibers and Composites	26.1	26.6	25.2	33.2	28.2	30.2
Electronics Materials and Performance Polymer Products	43.7	44.7	43.0	44.1	44.3	47.0
Healthcare	31.2	33.1	35.7	38.3	31.5	33.3
Trading and Retail	54.9	60.8	60.9	60.7	57.1	63.8
Total	156.0	165.2	164.8	176.2	161.1	174.4
Others	18.4	18.7	20.0	26.4	22.4	23.9
Consolidated total	174.3	183.9	184.8	202.6	183.5	198.3
Operating income (loss)						
Advanced Fibers and Composites	(0.3)	0.6	(2.0)	(3.0)	0.2	2.2
Electronics Materials and Performance Polymer Products	1.6	(0.1)	(0.4)	(3.0)	(0.2)	(2.4)
Healthcare	3.8	5.5	7.1	8.4	4.6	4.8
Trading and Retail	0.7	1.4	1.5	1.0	0.6	1.8
Total	5.8	7.4	6.2	3.5	5.2	6.3
Others	0.4	0.2	0.8	2.9	(0.0)	(0.3)
Elimination & corporate	(3.2)	(3.2)	(4.3)	(4.1)	(3.3)	(2.6)
Consolidated total	3.0	4.4	2.8	2.2	1.8	3.4

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

(Billions of yen)

	FY2010 (Actual)	FY2011 (Actual)	FY2012 (Actual)	FY2013 2Q (Actual)	FY2013 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	25.3	28.3	33.1	12.6	34.0
Total	29.2	32.3	36.3	14.2	38.0
Depreciation & amortization*	56.4	52.3	46.9	22.6	45.0
Research & development	31.5	31.8	33.2	15.9	34.0

* Depreciation and amortization includes amortization of goodwill.

3. Number of employees (Consolidated)

	End of FY10	End of FY11	End of FY12	End of FY13 2Q
Consolidated	17,542	16,819	16,637	16,311

4. Foreign Exchange Rate

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

	FY2011 (Actual)	FY2012 (Actual)	FY2013 2Q (Actual)	FY2013 (Outlook)
JPY/USD	82	94	98	100
USD/EUR	1.34	1.28	1.35	1.30

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

	FY2011 (Actual)	FY2012 (Actual)	FY2013 2Q (Actual)	FY2013 (Outlook)
JPY/USD	80	83	99	99
USD/EUR	1.38	1.29	1.32	1.31

5. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2011 (Actual)	FY2012 (Actual)	FY2013 2Q (Actual)
Bonalon ®	Osteoporosis	20.5	15.9	6.9
Venilon ®	Severe infectious diseases	9.4	9.9	4.5
Feburic ®	Hyperuricemia and gout	0.9	5.5	4.4
Mucosolvan ®	Expectorant	9.9	9.0	3.5
Onealfa ®	Osteoporosis	11.1	7.9	3.3
Laxoberon ®	Laxative	4.2	4.0	1.8
Tricor ®	Hyperlipidemia	1.5	1.8	0.8
Bonalfa ®	Psoriasis	1.4	1.4	0.6
Alvesco ®	Asthma	1.3	1.3	0.6
Synvisc ®	Osteoarthritis pain in the knee	1.7	1.2	0.4
Spiropent ®	Bronchodilator	1.0	0.9	0.4

6. Development status of new pharmaceuticals

(As of Sept. 30, 2013)

Products	Indication	Stage
ITM-014 (*Somatuline* ®)	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.