TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the three months ended June 30, 2014)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan) August 4, 2014

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(Amounts less than one million yen are omitted)

1. Highlight of the first quarter of FY14 (April 1, 2014 through June 30, 2014)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended June 30, 2014	181,858	-0.9	4,813	162.0	4,652	194.0	1,648	607.2
For the three months ended June 30, 2013	183,520	5.3	1,837	-38.2	1,582	-28.3	233	—

cf. Comprehensive income : 540 million yen (FY2013: 4,830million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the three months ended June 30, 2014	1.68	1.67
For the three months ended June 30, 2013	0.24	0.24

* 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, 2014	783,801	300,000	36.0
As of March 31, 2014	768,411	300,112	36.7

cf. Shareholders' equity :281,872 million yen (FY2013: 281,680million yen)

2. Dividends

	Dividends per share				
Period	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2013	—	2.00	—	2.00	4.00
FY2014	—				
FY2014 (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, 2015 (Fiscal 2014)

(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
FY2014 interim	357,000	-1.8	8,000	54.2	7,000	70.6	2,500	-45.3	2.54
FY2014	780,000	-0.6	25,000	38.3	22,500	13.1	10,000	19.7	10.17

Note: Revision of outlook for fiscal 2014 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 worldwide were comparatively stable in the three months ended June 30, 2014. In the United States and other developed countries, signs of a revival persisted, while in Asia and emerging economies growth was stable, although lacked strength. Japan's economy remained on the road to recovery, despite a negative rebound in consumer demand following a sharp rise immediately prior to an increase in the consumption tax, as government economic policies underpinned domestic demand and the employment environment improved.

In this environment, consolidated net sales remained essentially level, edging down 0.9%, to ¥181.9 billion, as sales were generally favorable, particularly in materials businesses, countering the impact of the recent discontinuation of in-house production and sales of paraxylene. Operating income climbed ¥3.0 billion, or approximately 162%, to ¥4.8 billion, bolstered by the impact of restructuring initiatives. Ordinary income, at ¥4.7 billion, was up ¥3.1 billion, or approximately 194%. Net income amounted to ¥1.6 billion, an increase of ¥1.4 billion. Net income per share rose ¥1.44, to ¥1.68.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥31.4 billion, while operating income was ¥1.7 billion.

High-Performance Fibers

Demand expanded, particularly for automotive applications.

Sales of *Twaron* para-aramid fibers for automotive applications, including tires, recovered in Europe, and were firm for infrastructure-related applications, including optical fiber and rope reinforcements, while demand for use in ballistic protection products and protective clothing remained lackluster. Pricing competition for all applications remained intense. Sales of *Technora* para-aramid fibers were stable, reflecting steady sales for automotive applications in Japan and brisk exports, which were bolstered further by yen depreciation. Sales of *Teijinconex* meta-aramid fibers for use in protective clothing and for industrial applications were solid, although sales for use in filters were hampered by mounting competition despite increased market demand. In polyester fibers, income at our subsidiary in Thailand remained firm—despite a negative rebound in sales for automotive applications which were robust in fiscal 2013—thanks to healthy sales for use in sportswear, personal hygiene products and general-purpose products, while income in Japan rallied, bolstered by increased demand for infrastructure-related and civil engineering applications, among others, and by cost reductions.

Under these circumstances, 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. In the People's Republic of China (PRC), our polyester products recycling joint venture in Zhejiang Province pushed ahead with the construction of a new facility in preparation for the start of operations in fiscal 2014.

Carbon Fibers and Composites
Sales were favorable for use in aircraft, as well as for general industrial applications.

Sales of *TENAX* carbon fibers for use in aircraft were favorable, as brisk orders for aircraft prompted an increase in production by leading aircraft manufacturers. Among general industrial applications, demand for use in pressure vessels for natural gas extraction was firm in North America, supported by the expansion of shale gas development. In Asia, sales were robust for use in reinforcement materials for civil engineering applications and for use in personal computer casings. Sales prices, persistently low in recent years, showed signs of recovering, although the outlook remained difficult to gauge, owing to sales offensives by other manufacturers, particularly late market entrants overseas.

During the period, sales of our new thermoplastic carbon fiber-reinforced plastic (CFRP) *Sereebo*, which in fiscal 2013 was chosen for use in the structural components of several new digital single-lens reflex (SLR) cameras, expanded favorably.

In this environment, we continued working to respond to expanding demand, notably for high-performance products, as well as to evolve toward a business model that focuses on providing solutions that match the needs of customers and markets. In particular, we pressed ahead with the development of structural components for mass-produced vehicles made with *Sereebo*. To this end, our thermoplastic CFRP pilot plant, situated within the Matsuyama Plant, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, are collaborating on multiple projects targeted at developing specific components and establishing mass-production procedures, and are making steady progress on both fronts.

Electronics Materials and Performance Polymer Products
The Electronics Materials and Performance Polymer Products segment reported sales of ¥46.2 billion and operating income of ¥0.7 billion.

Resin and Plastics Processing
Profitability improved, thanks to efforts to reduce costs.

The profitability of mainstay polycarbonate resin products *Panlite* and *Multilon* improved, bolstered by the implementation of measures aimed at shrinking fixed costs and reducing costs associated with the procurement of raw materials. While the supply–demand balance remained soft, hindering sales overall, sales were firm for light-emitting diode (LED) lighting applications, as well as for use in other electrical and electronics components. We also sought to take advantage of robust market conditions to expand sales for automotive applications in the PRC and Europe.

In processed plastics, we saw an increase in sales of *PURE-ACE RM*, a reverse-dispersion solvent-cast retardation film for use as an antireflective film for smartphones and tablet computers.

Among high-performance resins, sales of specialty polycarbonate resin for use in smartphone camera lenses increased. We also took decisive steps to expand sales of our polyethylene naphthalate (PEN) resin, the first resin to be adopted for use in fire extinguishers.

Films

Sales for use in smartphones and tablet computers remained firm, while restructuring initiatives began to yield benefits in terms of the reduction of fixed costs.

In the area of products for electronics applications, sales of release films for manufacturing processes remained firm, notably for use in smartphones and tablet computers. In contrast, increasingly fierce competition continued to drive down sales prices for films for use in liquid crystal display (LCD) televisions, which struggled in fiscal 2013, despite signs of a recovery in demand, particularly in the PRC. In this environment, we suspended operations on the PET film line at our domestic joint venture's Ibaraki factory in December 2013, thereby reducing fixed costs. Looking ahead, we will focus on further enhancing production line efficiency, with the aim of restoring cost competitiveness, as well as on strengthening collaborative development with customers for a broad range of applications and expanding sales.

Overseas, profitability in the United Stated and Europe showed signs of recovering, as demand for healthcare and packaging applications rallied. In light of firm demand for industrial and packaging applications, we sought to maintain profitability in the PRC by leveraging our superior technological and quality control capabilities to capitalize on sales opportunities.

Healthcare

Sales in the Healthcare segment came to ¥33.2 billion, while operating income was ¥5.7 billion.

Pharmaceuticals

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

Operating conditions for our domestic pharmaceuticals business remained harsh, owing to the April 2014 revision of reimbursement prices for prescription pharmaceuticals under Japan's National Health Insurance (NHI) scheme and to rising sales of generic drugs following adjustments to fees for medical services. Nonetheless, sales of hyperuricemia and gout treatment *Feburic* (febuxostat) expanded favorably, further boosting our leading share of the Japanese market for such treatments. We also continued working to broaden choices for osteoporosis sufferers by introducing new formulations of osteoporosis treatment *Bonalon*®*, including an intravenous and an oral jelly, both firsts for Japan.

Sales of febuxostat also continued to expand favorably overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 37 of these countries and territories, and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we signed an agreement with U.K. pharmaceuticals manufacturer Sigma-Tau Pharma Ltd., gaining exclusive development and distribution rights in Japan for EZN-2279, a therapeutic agent for adenosine deaminase (ADA) deficiency developed by Sigma-Tau, and began preparing for domestic clinical trials. We also proceeded with the development of KTF-374, an innovative sheet-type fibrin surgical sealant, while core segment subsidiary Teijin Pharma Limited and the Chemo-Sero-Therapeutic Research Institute (Kaketsuken) prepared for the launch of clinical trials in Japan. In June 2014, we commenced clinical trials in Japan for TMX-67XR (*Feburic* Tablet) (febuxostat), a new formulation with a revised dosage volume.

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

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). In June 2014, we launched *Hi-Sanso 5S* and *Sanso Saver 5*, a new unit that helps resolve concerns and inconvenience for HOT patients in the event of a disaster or a major power failure. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) advanced 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. Rentals of 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 fortify support services for individuals, we sought to improve our ability to respond effectively to patient needs by capitalizing on our new home healthcare call center in Osaka, which was established in fiscal 2013. We are gradually expanding marketing of the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes launched in fiscal 2013, which currently focuses 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 Republic of Korea (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 and other factors. We responded by taking steps to restore profitability, including integrating sales bases and reducing headcount.

Trading and Retail
The Trading and Retail segment yielded sales of ¥57.5 billion and operating income of ¥0.8 billion.

Fiber Materials and Apparel
Efforts continued to focus on offering distinctive products that are both functional and fashionable.

In the fiber materials and apparel business, domestic sales and exports of textiles for use in sportswear were firm for fall and winter items. Exports of textiles for use in ladies' fashions were robust to Europe and North America, although sales for use in uniforms got off to a sluggish start. In textiles and apparel, the slump in sales that followed Japan's consumption tax hike was largely in line with expectations, but shipments of summer apparel flagged, owing to unseasonable weather, with stagnancy carrying over into shipments of materials for use in fall and winter apparel. In June 2014, we staged a comprehensive exhibition of highly functional apparel products for spring and summer 2015. Attendees gave high marks to the event and to the items shown, particularly composite materials made with our exclusive *SOLOTEX* polytrimethylene terephthalate (PTT) fibers.

Industrial Textiles and Materials
Steps were taken to accelerate global sales of products for automotive applications.

In industrial fabrics, sales of yarn for airbags, tire cords, materials for vehicle seats and other materials and components for automotive applications remained brisk. In general-purpose materials, shipments of tents, unwoven fabrics, materials for civil engineering applications and materials for bag filters were firm.

In June 2014, we established a tire cord production joint venture that is expected to commence operations in October 2015. We also began building a new processing line for automotive hose cords at subsidiary Teijin Cord (Thailand) Co., Ltd. This will position us to accelerate sales of rubber materials for automotive applications to the Asian automobile industry, which is expected to continue expanding in the years ahead.

Qualitative Information on Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Assets, Liabilities and Net Assets

Total assets as of June 30, 2014, amounted to ¥783.8 billion, up ¥15.4 billion from the end of fiscal 2013. This was primarily attributable to increases in stock purchases and in the valuation difference on available-for-sale securities. Despite an increase in inventories attributable to seasonal factors, notes and accounts receivable–trade and fixed assets decreased.

Total liabilities, at ¥483.8 billion, were up ¥15.5 billion from the fiscal 2013 year-end. Interest-bearing debt, which included commercial paper, short-term loans payable and long-term loans payable, rose ¥21.9 billion, to ¥303.4 billion.

Total net assets were essentially level at ¥300.0 billion, a decline of ¥0.1 billion. Total shareholders' equity and total valuation and translation adjustments together represented ¥281.9 billion of the total, up ¥0.2 billion.

Qualitative Information on Outlook for Operating Results

Outlook for Fiscal 2014

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2014 (Forecast)	¥780.0	¥25.0	¥22.5	¥10.0
Fiscal 2013	784.4	18.1	19.9	8.4
Change	–4.4	+6.9	+2.6	+1.6
Percentage change	–0.6%	+38.3%	+13.1%	+19.7%

While firm gains, primarily in developed countries, are expected to continue underpinning global economic growth, future prospects remain uncertain, owing to a number of factors, including fears of an economic downturn in emerging economies and rising crude oil prices, the latter a byproduct of increased geopolitical risk. Japan’s economy continues to show signs of recovering, but concerns persist that growth will falter, owing to falling capital productivity, a consequence of the superannuation of existing facilities, and to the country’s shrinking labor force.

Against this backdrop, measures to reduce costs and realign production facilities implemented since fiscal 2013 have begun to yield positive results. We will continue to promote restructuring initiatives, accelerating efforts to pare down our existing businesses and at the same time working to clarify and refine our competitive strengths, with the aim of restoring basic profitability and creating a business structure that is conducive to sustainable growth.

Over the medium to long term, we will press forward with bold transformation and growth strategies aimed at expanding our three core business domains—high-performance materials, healthcare and IT businesses—and fostering new businesses that overlap these domains. To these ends, we will promote the implementation of multiple projects, as well as the focused allocation of necessary management resources.

At present, we forecast consolidated net sales of ¥780.0 billion, operating income of ¥25.0 billion, ordinary income of ¥22.5 billion and net income of ¥10.0 billion. These forecasts are unchanged from our initial forecasts, which were announced on May 9, 2014. These forecasts assume exchange rates of ¥102 to US$1.00 and ¥140 to €1.00 and a Dubai crude oil price of US$105 per barrel.

Forecast for Segment Results for Fiscal 2014

(Billions of yen)

	Net sales		Operating income (loss)	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 65.0	¥130.0	¥ 3.0	¥ 6.5
Electronics Materials and Performance Polymer Products	90.0	180.0	(2.0)	(3.0)
Healthcare	65.0	140.0	11.0	25.0
Trading and Retail	125.0	265.0	2.0	5.5
Total	345.0	715.0	14.0	34.0
Others	30.0	65.0	0.0	3.0
Elimination and corporate	—	—	(6.0)	(12.0)
Consolidated total	¥375.0	¥780.0	¥ 8.0	¥ 25.0

2. Other Information

Changes in significant subsidiaries during the period under review:

None

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:

Application of Accounting Standard for Retirement Benefits

Effective from the three months ended June 30, 2014, the Company has applied the accounting rules stipulated in Clause 35 of the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, issued on May 17, 2012) and the guidelines outlined in Clause 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012). Accordingly, the method of attributing expected benefits to periods has been changed from the straight-line basis to the benefit formula basis and the basis for determining the discount rate has been amended from the expected average remaining working lives of employees and average period up to the estimated timing of benefit payment to a single weighted-average discount rate that reflects the estimated timing and amount of benefit payment.

The application of the new accounting standard and its accompanying guidance is subject to the transitional accounting treatment set forth in Clause 37 of the standard. At the beginning of the first quarter of fiscal 2014, remeasurements of defined benefit plans were included in retained earnings to reflect the impact of this change in method of accounting. This change added ¥574 million to the "other" component of investments and other assets, reduced net defined benefit liability by ¥1,589 million and increased retained earnings by ¥1,465 million in the first quarter of fiscal 2014. The effect of this change on operating, ordinary and net income and losses in the first quarter of fiscal 2014 was negligible. The effect of this change on segment information was also negligible and has thus not been reported.

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, 2014	As of June 30, 2014
< Assets >		
Current assets		
Cash and deposits	33,134	33,422
Notes and accounts receivable-trade	165,239	158,821
Finished goods	79,014	88,062
Work in process	9,084	9,369
Raw materials and supplies	30,569	29,337
Other current assets	50,553	50,979
Allowance for doubtful receivables	(2,687)	(2,434)
Total	**364,908**	**367,558**
Fixed assets		
Tangible assets		
Buildings and structures, net	69,238	67,933
Machinery and equipment, net	91,429	87,817
Other, net	76,193	75,494
Total	**236,861**	**231,244**
Intangible assets		
Goodwill	15,806	15,077
Other	13,651	13,439
Total	**29,457**	**28,517**
Investments and other assets		
Investment securities	82,068	101,265
Other	58,201	58,263
Allowance for doubtful accounts	(3,085)	(3,047)
Total	**137,184**	**156,481**
Total fixed assets	**403,502**	**416,243**
Total assets	**768,411**	**783,801**

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	80,003	80,213
Short-term loans payable	84,604	91,743
Current portion of long-term loans payable	21,811	13,247
Commercial paper	—	22,000
Current portion of bonds	6,960	23,987
Income taxes payable	2,915	1,009
Other	52,367	49,390
Total	**248,662**	**281,591**
Noncurrent liabilities		
Bonds payable	30,000	15,000
Long-term loans payable	136,401	135,768
Provision for retirement benefits	30,204	28,755
Other	23,029	22,686
Total	**219,635**	**202,209**
Total liabilities	**468,298**	**483,801**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,429	101,429
Retained earnings	111,754	112,902
Treasury stock	(435)	(440)
Total	**283,564**	**284,707**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,758	11,887
Deferred gains on hedges	1,017	432
Foreign currency translation adjustment	(13,025)	(14,396)
Remeasurements of defined benefit plans	(634)	(758)
Total	**(1,884)**	**(2,834)**
Subscription rights to shares	**737**	**754**
Minority interests	**17,694**	**17,373**
Total net assets	**300,112**	**300,000**
Total liabilities and net assets	**768,411**	**783,801**

(2) Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Net sales	**183,520**	**181,858**
Cost of sales	137,899	133,904
Gross profit	**45,621**	**47,953**
Selling, general and administrative expenses	43,784	43,140
Operating income	**1,837**	**4,813**
Nonoperating revenues		
Interest income	118	129
Dividends income	499	749
Equity in earnings of affiliates	—	419
Foreign exchange gains	17	—
Gain on valuation of derivatives	725	—
Miscellaneous income	166	172
Total	1,528	1,470
Nonoperating expenses		
Interest expenses	890	733
Equity in losses of affiliates	128	—
Foreign exchange losses	—	16
Miscellaneous loss	764	881
Total	1,782	1,631
Ordinary income	**1,582**	**4,652**
Extraordinary income		
Gain on sales of noncurrent assets	30	42
Gain on sales of investment securities	13	48
Gain on transfer of business	102	—
Other	0	9
Total	147	100
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	219	104
Impairment loss	2	210
Business structure improvement expenses	26	558
Other	149	2
Total	397	876
Income before income taxes	**1,332**	**3,876**
Income taxes	**1,097**	**2,370**
Income before minority interests	234	1,505
Minority interests in income (loss)	1	(142)
Net income	233	1,648

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the three months ended June 30, 2013	For the three months ended June 30, 2014
Income before minority interests	**234**	**1,505**
Other comprehensive income		
Valuation difference on available-for-sale securities	(170)	1,127
Deferred gains (losses) on hedges	690	(584)
Foreign currency translation adjustment	4,080	(1,315)
Remeasurements of defined benefit plans, net of tax	—	(133)
Share of other omprehensive income of associates accounted for using the equity method	(4)	(59)
Total	**4,596**	**(965)**
Comprehensive income	**4,830**	**540**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,836	697
Comprehensive income attributable to minority interests	(6)	(157)

(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.FY13 1Q results (April 2013 – June 2013)

1. Segment sales and operating income (loss)

(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	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

III. FY14 1Q results (April 2014 – June 2014)

1. Segment sales and operating income (loss)

(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	31,411	46,206	33,245	57,485	168,350	13,507	181,858
2) Intersegment transactions or transfers	6,795	1,157	—	1,246	9,199	5,072	14,271
Net sales	38,206	47,364	33,245	58,732	177,549	18,580	196,130
Segment income (loss)	1,660	728	5,657	753	8,799	(710)	8,088

* "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	8,799
Others segment	(710)
Elimination of intersegment transactions	(240)
Corporate expenses*	(3,034)
Operating income	4,813

* 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)

	FY2013 1Q	FY2013 2Q	FY2013 3Q	FY2013 4Q	FY2014 1Q
Net sales	183.5	198.3	196.4	206.2	181.9
Operating income	1.8	3.4	4.5	8.4	4.8
Ordinary income	1.6	2.5	8.6	7.2	4.7
Net income	0.2	4.3	0.4	3.3	1.6

(2) Movement of industrial segment information

(Billions of yen)

	FY2013 1Q	FY2013 2Q	FY2013 3Q	FY2013 4Q	FY2014 1Q
Net sales					
Advanced Fibers and Composites	28.2	30.2	30.4	34.8	31.4
Electronics Materials and Performance Polymer Products	44.3	47.0	44.9	43.2	46.2
Healthcare	31.5	33.3	36.6	37.0	33.2
Trading and Retail	57.1	63.8	66.0	67.3	57.5
Total	161.1	174.4	177.9	182.3	168.4
Others	22.4	23.9	18.6	23.9	13.5
Consolidated total	183.5	198.3	196.4	206.2	181.9
Operating income (loss)					
Advanced Fibers and Composites	0.2	2.2	0.9	2.4	1.7
Electronics Materials and Performance Polymer Products	(0.2)	(2.4)	(1.8)	(2.7)	0.7
Healthcare	4.6	4.8	8.0	7.2	5.7
Trading and Retail	0.6	1.8	1.1	1.7	0.8
Total	5.2	6.3	8.2	8.7	8.8
Others	(0.0)	(0.3)	(0.5)	2.6	(0.7)
Elimination & corporate	(3.3)	(2.6)	(3.1)	(2.9)	(3.3)
Consolidated total	1.8	3.4	4.5	8.4	4.8

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

(Billions of yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)	FY2014 1Q (Actual)	FY2014 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	28.3	33.1	27.7	5.6	33.6
Total	32.3	36.3	30.2	6.2	37.0
Depreciation & amortization*	52.3	46.9	45.7	11.1	45.0
Research & development	31.8	33.2	32.2	7.7	34.0

* Depreciation and amortization includes amortization of goodwill.

3. Foreign Exchange Rate

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

	FY2012 (Actual)	FY2013 (Actual)	FY2014 1Q (Actual)	FY2014 (Outlook)
JPY/USD	94	103	101	102
USD/EUR	1.28	1.38	1.36	1.37

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

	FY2012 (Actual)	FY2013 (Actual)	FY2014 1Q (Actual)	FY2014 (Outlook)
JPY/USD	83	100	102	102
USD/EUR	1.29	1.34	1.37	1.37

4. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2012 (Actual)	FY2013 (Actual)	FY2014 1Q (Actual)
Bonalon ®	Osteoporosis	15.9	14.2	3.1
Feburic ®	Hyperuricemia and gout	5.5	11.4	2.8
Venilon ®	Severe infectious diseases	9.9	9.4	2.5
Mucosolvan ®	Expectorant	9.0	7.9	1.6
Onealfa ®	Osteoporosis	7.9	6.6	1.4
Laxoberon ®	Laxative	4.0	3.6	0.8
Tricor ®	Hyperlipidemia	1.8	1.7	0.4
Bonalfa ®	Psoriasis	1.4	1.3	0.3
Alvesco ®	Asthma	1.3	1.3	0.3
Somatuline ®	Acromegaly and pituitary gigantism	0.1	0.6	0.2

5. Development status of new pharmaceuticals

(As of June 30, 2014)

Products	Indication	Stage
NA872ET (*Mucosolvan* ®)	Expectorant	Filed in Japan in February 2014
GGS-ON (*Venilon* ®)	Optic neuritis	Ph III
GGS -MPA(*Venilon* ®)	Microscopic polyangitis	Ph III
GGS -CIDP(*Venilon* ®)	Chronic inflammatory demyelinating polyneuropa	Ph III
TMX-67TLS(*Feburic* ®)	Tumor lysis syndrome	Ph III
TMX-67	Hyperuricemia and gout	Ph III (PRC)
ITM-014N (*Somatuline* ®)	Neuroendocrine tumor	Ph II
ITM-058	Osteoporosis	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (US)
TMX-67XR(*Feburic* ®)	Hyperuricemia and gout	Ph I / II
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.

* *Somatuline* ® 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 ResearchInstitute), a general incorporated foundation, based on an enzyme engineered by Professor Hirotaka Haro of the University ofYamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of theDepartment of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.