TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the three months ended June 30, 2017)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

August 1, 2017

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Finance & Investor Relations Department

(Amounts less than one million yen are omitted)

1. Highlight of the first quarter of FY2017 (April 1, 2017 through June 30, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
For the three months ended June 30, 2017	198,239	13.8	19,145	22.0	20,039	39.2	13,396	17.1
For the three months ended June 30, 2016	174,226	-9.5	15,697	-4.4	14,400	-19.9	11,436	2.2

cf. Comprehensive income for the three months ended June 30, 2017 : 29,832 million yen (For the three months ended June 30, 2016: –5,870 million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the three months ended June 30, 2017	68.09	61.68
For the three months ended June 30, 2016	58.16	52.74

* E.P.S.: Earnings per share

(Notes) The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, the E.P.S. and the Diluted E.P.S. are calculated on the assumption that the consolidation of shares is conducted at the beginning of the preceding fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of June 30, 2017	972,292	375,680	37.2
As of March 31, 2017	964,053	351,829	35.1

cf. Shareholders' equity as of June 30, 2017 : 362,169 million yen (As of March 31, 2017: 338,383million yen)

2. Dividends

	Dividends per share				
Period	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	–	5.00	–	30.00	–
FY2017	–				
FY2017(Outlook)		30.00	–	30.00	60.00

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

*The Company consolidated its common shares at a ratio of five shares to one share on the effective date of October 1, 2016. Accordingly, with regard to the amounts of the dividend per share for FY2016, the interim dividend per share reflects the amount before the impact of the consolidation of shares, while the year-end dividend per share reflects the amount after the impact of the consolidation of shares. Therefore, disclosure of the annual dividend per share is omitted.

3. Forecast for operating results in the year ending March 31, 2018 (FY2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2017 interim	415,000	17.5	33,000	22.2	34,000	27.4	26,000	21.7	132.15
FY2017	855,000	15.3	64,000	13.2	65,000	16.2	44,000	-12.2	223.64

Note: Revision of outlook for FY 2017 consolidated operating results in the first quarter: Yes

Appropriate Use of Forecasts and Other Information and Other Matters

(1) Cautionary statement on forward-looking statements

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Qualitative Information on Outlook for Operating Results", beginning on page 5.

I. Qualitative Information and Financial Statements

(1) Qualitative Information on Results of Operations

1) Analysis of Consolidated Results of Operations

Global economic conditions in the three months ended June 2017 saw signs of improvement on the whole, underpinned by an upturn in internal and external demand in both developed and emerging countries, although the outlook for political conditions and public policy remained uncertain in Europe and the U.S. Meanwhile, the Japanese economy followed a gradual expansionary course on the whole, mainly reflecting a recovery in corporate earnings due to an increase in exports, along with further improvement in personal consumption.

In this environment, for the three months ended June 30, 2017, consolidated net sales totaled ¥198.2 billion, an increase of 13.8% year on year. This increase was primarily due to generally steady sales across all businesses on the whole and the impact of U.S.-based Continental Structural Plastics Holdings Corporation joining the composites business following its acquisition in January 2017. Operating income rose 22.0% to ¥19.1 billion, due to the impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau for a possible new treatment of Alzheimer’s disease to Merck & Co., Inc. Ordinary income increased 39.2% to ¥20.0 billion. Profit attributable to owners of parent increased 17.1% to ¥13.4 billion. Earnings per share rose ¥9.94 to ¥68.9.

2) Business Segment Results

Effective from the three months ended June 30, 2017, Teijin Limited (“the Company”) reclassified its previous four reportable operating segments, Advanced Fibers and Composites, Electronics Materials and Performance Polymer Products, Healthcare, and Trading and Retail, into two reportable operating segments: the Materials Business and the Healthcare Business. This change was made in line with the Company’s reorganization to accelerate growth and transformation strategies based on the medium-term management plan announced in February 2017. The figures for the year-ago period have been recalculated in accordance with the new segment classification for comparison purposes.

I. Materials Business Field

In the Materials Business Field, sales were ¥146.3 billion, up ¥20.8 billion year on year, while operating income was ¥8.2 billion, down ¥0.4 billion.

Material Business Group

Sales of aramid fibers expanded for automotive- and infrastructure -related applications.

In Aramid Fibers, sales of *Twaron* para-aramid fibers expanded firmly as a whole, centered on automotive friction materials and ballistic protection applications. Sales were firm for *Technora* para-aramid fibers both for automotive applications in Japan and also for infrastructure-related applications overseas. *Technora* is being used in an expanding range of applications under more extreme conditions given the positive assessment of its outstanding fatigue resistance, chemical barrier and other properties.Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications.

In Carbon fibers, Sales of *TENAX* carbon fibers continued to grow steadily for use in aircraft, reflecting firm orders from aircraft manufacturers. Among other applications, sales were robust for compound applications in the Asian region and general industrial applications in Europe. Additionally, eyeing the expansion of sales of *Pyromex* Oxidized PAN fiber for aircraft brake pads, the conversion of a carbon fiber production line into a *Pyromex* production line at Toho Tenax America, Inc. is progressing steadily, and preparations for the start of production are being advanced. Furthermore, to address further growth in demand for carbon fiber primarily in North America, we completed the acquisition of land in the U.S. in 2016 and are considering the construction of a new carbon fiber plant.

In Resin and Plastics Processing, our mainstay *Panlite* and *Multilon* polycarbonate resin products maintained profitability, owing to high capacity utilization maintained at both production sites in the PRC and Japan, plus an improved sales mix, despite a slight year-on-year increase in raw material prices. High-performance compounds are a key area of focus. In automotive applications, where the shift from existing materials to resins is progressing rapidly, we are strengthening sales of a copolymer polycarbonate compound featuring both impact resistance and high surface hardness to applications such as automotive interior panels and a polycarbonate and polyester alloy compound for use in automotive exterior materials that require heat resistance and weatherability.

In Films, reflective films for use in liquid crystal display (LCD) televisions remained under pressure in terms of both volume and pricing due to the market penetration of Chinese manufacturers' products. We maintained favorable sales of *Purex* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones and other devices. Reverse-dispersion solvent-cast retardation film using specialty polycarbonate resin saw firm sales for use as an organic electroluminescent display (OLED) antireflective film for smartphones and tablets.

Polyester Fibers & Trading and Retail Business Group
Expanded business in functional materials for apparel and posted firm sales of automotive-related materials.

In the Fiber Materials and Apparel, fiber materials saw strong sales of functional materials for sports and outdoor use, such as the *DELTA* series, in Europe, the Americas and Japan. In addition, sales of functional materials for uniforms grew substantially due to large new orders captured in Japan and overseas. In functional textiles and apparel, we recorded steady performance across the business as a whole, with solid sales to specialty stores for men's apparel and to strongly price-conscious apparel manufacturers and retailers, despite continuing weakness in domestic market conditions.

In the Industrial Textiles and Materials, particularly sales of automotive materials, sales of reinforcement materials for tires, reinforcement materials for conveyor belts and automotive hoses and air-bag fabric were firm. However, sales of car seat fabrics struggled due to production adjustments by customers. In other industrial textiles and related materials, we recorded solid sales of non-woven fabrics for reverse osmosis membrane support layers for water treatment and exports of aramid fiber materials performed strongly, despite a downturn in sales of civil engineering materials. In living related materials, sales were also solid for wiping-related materials and personal hygiene products. In polyester fibers, we are striving to further strengthen our competitiveness by realigning our domestic production configuration and by transferring production of certain items to subsidiaries in Thailand.

Composites, Others

Firm sales of mass-produced automotive components in North America.

In Composites, we recorded firm sales of mass-produced automotive components primarily in North America, led by Continental Structural Plastics Holdings Corporation. We will develop and expand new materials such as mainstay glass fiber reinforced plastic (GFRP), as well as carbon fiber reinforced thermoplastic (CFRTP) and carbon fiber reinforced plastic (CFRP), in order to drive business expansion in the Americas and extend our global market reach to Europe, Asia and Japan.

In Battery Materials, amid a fiercely competitive environment for sales of *LIELSORT* lithium-ion battery (LiB) separators, we are advancing customer evaluations aimed at entering automotive applications, in addition to developing new customers in Smartphone and tablet applications.

II. Healthcare Business Field

In the Healthcare Business Field, sales were ¥39.7 billion, up ¥1.6 billion year on year, while operating income was ¥11.8 billion, up ¥3.8 billion.

In Pharmaceuticals, the domestic pharmaceuticals market continues to face a challenging business environment. In this climate, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat) and *Somatuline*®*, a treatment for acromegaly, continued to expand steadily. In addition, we are providing patients with a wider range of choices through new formulations, such as an oral jelly and an intravenous drip of the osteoporosis treatment *Bonalon*®†, and *Mucosolvan* L Tablet 45 mg, a novel reduced-sized tablet-form version of the sustained-release expectorant *Mucosolvan*. Sales of febuxostat also continued to expand encouragingly overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 70 of these countries and territories (including Japan). Furthermore, in May 2017, we entered into a worldwide license agreement with Merck & Co., Inc., U.S.A. for the development, manufacture and commercialization of an investigational antibody candidate targeting tau, for a possible new treatment of Alzheimer’s disease.

In Home Healthcare, we maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT). This was done by enhancing the lineup and expanding the use of portable oxygen concentrators (*Hi-Sanso Portable α* (alpha), *Hi-Sanso Portable α II*), which are designed to expand the range of patients’ daily activities. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, due to increasing the appeal of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks, and to the use of the *SAS2100* sleep disorder diagnostic system. Meanwhile, in September 2015 we commenced sales of *VitalLink*, a multidisciplinary collaboration and information sharing system, as a product targeting comprehensive community healthcare. *VitalLink* is being used by numerous medical and nursing care professionals as a support tool for facilitating collaboration between healthcare and nursing care. We have steadily expanded the sales volume of *VitalLink*, primarily through the signing of new agreements with medical associations and government bodies.

* *Somatuline*® is a registered trademark of Ipsen Pharma, France.

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

In the area of New Healthcare initiatives, we established Teijin Medical Technologies Co., Ltd. by investing in a medical company spun off from C.I. TAKIRON Corporation in July 2017 in the field of implantable medical products. We will strengthen sales and product planning capabilities with a view to expanding high-quality bioresorbable bone-bonding materials centered on *OSTEOTRANS*, which has been marketed to date.

III. Others

In the Others, sales were ¥12.2 billion, up ¥1.6 billion year on year and operating income was ¥1.0 billion, up ¥0.8 billion.

In the IT business, specifically in Digital Entertainment, sales grew steadily on the back of an increase in the number of registered subscribers to *Meccha Comics*, one of Japan's largest e-comics stores in the e-books market. This growth was driven partly by the positive effect of TV commercials designed to maintain and enhance the market recognition of *Meccha Comics*. In Business Solutions, specifically in the healthcare-related business, sales rose atop an increase in the number of projects in both the hospital and nursing care fields.

(2) Qualitative Information on Financial Position

Total assets as of June 30, 2017 amounted to ¥972.3 billion, up ¥8.2 billion from the end of FY 2016. The main reasons for the increase in total assets were an increase in the yen-denominated valuation of foreign-currency denominated assets in connection with the weaker yen, and an increase in line with the mark-to-market valuation of investment securities.

Total liabilities amounted to ¥596.6 billion, down ¥15.6 billion from the end of FY 2016. The main reason for this decrease was the reversal of provision for business structure improvement recorded in preparation for the withdrawal from the U.S. home healthcare business. Interest-bearing debt accounted for ¥386.2 billion of the total, up ¥9.9 billion.

Total net assets amounted to ¥375.7 billion, up ¥23.9 billion from the end of FY 2016. Total shareholders' equity and total accumulated other comprehensive income together represented ¥362.2 billion of the total, an increase of ¥23.8 billion. This was mainly due to profit attributable to owners of parent of ¥13.4 billion, along with an increase in foreign currency translation adjustment in connection with the weaker yen and an increase in valuation difference on available-for-sale securities in line with the higher market value of shares held.

(3) Qualitative Information on Outlook for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY 2017 (Outlook)	¥855.0	¥64.0	¥65.0	44.0
FY 2016	741.3	56.5	55.9	50.1
Change	+113.7	+7.5	+9.1	(6.1)
Percentage change	+15.3%	+13.2%	+16.2%	-12.2%

The global economy is expected to remain on a steady growth path on the whole, despite several risks associated with the direction of public policy in various countries. In developed countries, the employment environment has trended firmly in the U.S., and corporate business performance in the euro zone and Japan has also held firm. In emerging countries, surging demand for infrastructure is expected to drive internal demand. In this environment, in order to realize its long-term vision for becoming “An Enterprise that is Essential to Tomorrow’s Society,” as laid out in the new medium-term management plan “ALWAYS EVOLVING” announced in February 2017, the Teijin Group has clarified the actions it must take in the FY 2017 – FY 2019 period. We have positioned FY 2017 as a crucial year that will serve as the first step of our new medium-term management plan. Accordingly, we will press ahead with our growth strategies for enhancing the competitiveness of our existing businesses and our transformation strategies for entering fields outside existing businesses and creating new products and services through business model transformation. By executing these strategies, we will work to strengthen our core earnings power and to create and develop new businesses.

Looking at our consolidated full-term operating results forecasts for FY 2017, we have maintained our previous net sales forecast of ¥855.0 billion. Meanwhile, in line with factors such as the recording of consideration for licensing out an investigational preclinical antibody candidate, we now expect to report operating income of ¥64.0 billion, compared with our previous forecast of ¥62.0 billion, and ordinary income of ¥65.0 billion, compared with our previous forecast of ¥63.0 billion, Profit attributable to owners of parent is forecast at ¥44.0 billion, compared with our previous forecast of ¥42.0 billion. These forecasts assume exchange rates of ¥110 to US$1.00 and ¥124 to €1.00 and an average Dubai crude oil price of US$50 per barrel.

(Billions of yen)

	Net sales		Operating income	
	First half (Outlook)	Full term (Outlook)	First half (Outlook)	Full term (Outlook)
Materials	¥ 305.0	¥ 640.0	¥ 15.0	¥ 35.0
Healthcare	80.0	155.0	19.0	30.0
Others	30.0	60.0	2.0	5.0
Elimination and corporate	—	—	(3.0)	(6.0)
Consolidated total	¥ 415.0	¥ 855.0	¥ 33.0	¥ 64.0

TEIJIN
Human Chemistry, Human Solutions

2. Financial Statements and Other Information

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
< Assets >		
Current assets		
Cash and deposits	97,750	98,139
Notes and accounts receivable-trade	166,803	160,988
Securities	20,000	20,000
Merchandise and finished goods	84,272	92,452
Work in process	8,980	10,430
Raw materials and supplies	29,059	29,271
Other current assets	60,799	62,969
Allowance for doubtful accounts	(909)	(611)
Total	**466,754**	**473,640**
Fixed assets		
Tangible assets		
Buildings and structures, net	61,178	62,010
Machinery and equipment, net	98,322	95,662
Other, net	81,788	83,269
Total	**241,289**	**240,943**
Intangible assets		
Goodwill	32,737	31,582
Other	36,302	35,227
Total	**69,040**	**66,809**
Investments and other assets		
Investment securities	115,104	120,863
Other assets	73,955	72,138
Allowance for doubtful accounts	(2,092)	(2,102)
Total	**186,967**	**190,899**
Total fixed assets	**497,298**	**498,652**
Total assets	**964,053**	**972,292**

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	79,117	81,875
Short-term loans payable	57,585	67,452
Current portion of long-term loans payable	51,326	51,072
Income taxes payable	5,021	1,920
Provision for business structure improvement	15,112	397
Other	71,409	61,548
Total	**279,572**	**264,265**
Noncurrent liabilities		
Bonds payable	55,109	55,099
Long-term loans payable	210,431	210,784
Provision for business structure improvement	10,944	10,838
Net defined benefit liability	35,427	36,084
Asset retirement obligations	1,322	1,323
Other	19,414	18,216
Total	**332,650**	**332,347**
Total liabilities	**612,223**	**596,612**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	103,664	103,669
Retained earnings	168,661	176,155
Treasury stock	(274)	(247)
Total	**342,867**	**350,394**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,842	26,489
Deferred gains or losses on hedges	(276)	698
Foreign currency translation adjustment	(24,889)	(13,864)
Remeasurements of defined benefit plans	(1,159)	(1,548)
Total	**(4,483)**	**11,775**
Subscription rights to shares	**861**	**856**
Non-controlling interests	**12,583**	**12,653**
Total net assets	**351,829**	**375,680**
Total liabilities and net assets	**964,053**	**972,292**

(2) Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Net sales	**174,226**	**198,239**
Cost of sales	113,067	131,298
Gross profit	**61,159**	**66,941**
Selling, general and administrative expenses	45,461	47,796
Operating income	**15,697**	**19,145**
Non-operating income		
Interest income	165	235
Dividends income	1,066	1,115
Equity in earnings of affiliates	830	297
Gain on valuation of derivatives	—	430
Miscellaneous income	218	240
Total	2,281	2,319
Non-operating expenses		
Interest expenses	547	608
Foreign exchange losses	920	503
Loss on valuation of derivatives	1,566	—
Miscellaneous loss	544	313
Total	3,578	1,425
Ordinary income	**14,400**	**20,039**
Extraordinary income		
Gain on sales of noncurrent assets	175	48
Reversal of provision for business structure improvement	449	8
Other	105	16
Total	730	73
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	234	221
Loss on valuation of investment securities	105	43
Impairment loss	348	0
Business structure improvement expenses	628	127
Other	61	160
Total	1,379	553
Profit before income taxes	**13,751**	**19,559**
Income taxes	2,225	5,998
Profit	**11,526**	**13,561**
Profit attributable to non-controlling interests	89	164
Profit attributable to owners of parent	**11,436**	**13,396**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the three months ended June 30, 2016	For the three months ended June 30, 2017
Profit	**11,526**	**13,561**
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,458)	4,633
Deferred gains or losses on hedges	(1,024)	975
Foreign currency translation adjustment	(9,566)	10,988
Remeasurements of defined benefit plans, net of tax	(26)	(404)
Share of other comprehensive income of associates accounted for using equity method	(1,320)	78
Total	**(17,396)**	**16,271**
Comprehensive income	**(5,870)**	**29,832**
Comprehensive income attributable to :		
Owners of the parent	(5,903)	29,655
Non-controlling interests	32	177

3. Segment and Other Information

Notes Pertaining to Going Concern Assumption:

None

Notes on Significant Changes in Shareholders' Equity:

None

Changes in significant subsidiaries during the period under review:

During the three months ended June 30, 2017, the Company sold its entire equity interest in Braden Partners L.P., which had formerly been a specified subsidiary of the Company. As a result, Braden Partners L.P. is no longer classified as a specified subsidiary of the Company, and has been excluded from the scope of consolidation effective from the three months ended June 30, 2017.

Adoption of special quarterly accounting methods:

Certain of the consolidated subsidiaries of the Company have adopted a method for estimating in practical terms the effective tax rate for the fiscal year, including for the three months ended June 30, 2017, 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.

Segment Information, etc.

(1) FY2016 1Q results (April 2016 – June 2016)

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	125,462	38,140	163,603	10,623	174,226
2) Intersegment transactions or transfers	648	—	648	1,478	2,126
Net sales	126,110	38,140	164,251	12,102	176,353
Segment income	8,617	7,955	16,572	239	16,811

* "Others," which includes 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	16,572
Others segment	239
Elimination of intersegment transactions	200
Corporate expenses*	(1,315)
Operating income	15,697

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

3. Loss on impairment and goodwill by reportable segments

This item has been omitted because it is of low significance.

(2) FY2017 1Q results (April 2017 – June 2017)

1. Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	146,284	39,740	186,025	12,214	198,239
2) Intersegment transactions or transfers	246	0	246	1,895	2,142
Net sales	146,531	39,740	186,272	14,109	200,382
Segment income	8,173	11,791	19,964	1,047	21,012

* "Others," which includes the IT business, does not qualify as a reportable operating segment.

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

(Adjustment) (Millions of yen)

Operating income	Amount
Total reportable operating segments	19,964
Others segment	1,047
Elimination of intersegment transactions	172
Corporate expenses*	(2,039)
Operating income	19,145

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

3. Changes in reportable segments

Effective from the three months ended June 30, 2017, the Company reclassified its previous four reportable operating segments, Advanced Fibers and Composites, Electronics Materials and Performance Polymer Products, Healthcare, and Trading and Retail, into two reportable operating segments: the Materials Business and the Healthcare Business. This change was made in line with the Company’s reorganization to accelerate growth and transformation strategies based on the medium-term management plan announced in February 2017. The figures for the three months ended June 30, 2016 have been recalculated in accordance with the new segment classification for comparison purposes.

4. Loss on impairment and goodwill by reportable segments

This item has been omitted because it is of low significance.

Supplementary Information

1. Movement of consolidated results

(1) Movement of results

(Billions of yen)

	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q
Net sales	174.2	178.8	182.1	206.1	198.2
Operating income	15.7	11.3	16.6	12.9	19.1
Ordinary income	14.4	12.3	19.1	10.2	20.0
Profit attributable to owners of parent	11.4	9.9	12.7	16.1	13.4

(2) Movement of segment information

(Billions of yen)

	FY2016 1Q	FY2016 2Q	FY2016 3Q	FY2016 4Q	FY2017 1Q
Net sales					
Materials	125.5	129.6	131.0	153.7	146.3
Healthcare	38.1	36.9	39.1	36.5	39.7
Total	163.6	166.5	170.1	190.3	186.0
Others	10.6	12.3	12.0	15.8	12.2
Consolidated total	174.2	178.8	182.1	206.1	198.2
Operating income (loss)					
Materials	8.6	7.6	8.2	6.9	8.2
Healthcare	8.0	3.0	8.3	5.5	11.8
Total	16.6	10.6	16.4	12.4	20.0
Others	0.2	1.7	1.4	2.0	1.0
Elimination & corporate	(1.1)	(1.0)	(1.2)	(1.5)	(1.9)
Consolidated total	15.7	11.3	16.6	12.9	19.1

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

(Billions of yen)

	FY2014 (Actual)	FY2015 (Actual)	FY2016 (Actual)	FY2017 1Q (Actual)	FY2017 (Outlook)
Capital expenditure:					
CAPEX for tangible assets	25.3	33.6	41.9	8.2	58.4
Total	28.1	38.3	46.2	8.8	60.0
Depreciation & amortization*	43.0	38.9	39.3	11.2	43.0
Research & development	32.4	33.3	35.4	8.3	42.0

* Depreciation and amortization includes amortization of goodwill.

3. Foreign Exchange Rate

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

	FY2015 (Actual)	FY2016 (Actual)	FY2017 1Q (Actual)	FY2017 (Outlook)
JPY/USD	113	112	112	110
USD/EUR	1.13	1.07	1.14	1.14

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

	FY2015 (Actual)	FY2016 (Actual)	FY2017 1Q (Actual)	FY2017 (Outlook)
JPY/USD	120	108	111	110
USD/EUR	1.10	1.10	1.10	1.13

4. Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2015 (Actual)	FY2016 (Actual)	FY2017 1Q (Actual)
FEBURIC®	Hyperuricemia and gout	21.3	26.5	7.4
Bonalon®	Osteoporosis	12.9	11.6	2.8
Mucosolvan®	Expectorant	6.8	5.8	1.3
Venilon®	Severe infectious diseases	4.4	4.7	1.3
Onealfa®	Osteoporosis	4.8	3.7	0.9
LOQOA®	Osteoarthritis pain and inflammation	—	1.0	0.5
Laxoberon®	Laxative	2.5	2.0	0.4
Somatuline®	Acromegaly and pituitary gigantism	1.5	1.7	0.4
Tricor®	Hyperlipidemia	1.6	1.5	0.4
Alvesco®	Asthma	1.2	1.2	0.3

5. Development status of new pharmaceuticals

(As of June 30, 2017)

Products	Indication	Stage
TMX-67	Hyperuricemia and gout	Filed in PRC in November 2015
ITM-014N (*Somatuline*®)	Neuroendocrine tumor	Filed in July 2016
STM-279	Adenosine deaminase (ADA) deficiency	Ph III
GGS-ON (*Venilon*®)	Optic neuritis	Ph III
GGS-MPA(*Venilon*®)	Microscopic polyangitis	Ph III
GGS-CIDP(*Venilon*®)	Chronic inflammatory demyelinating polyneuropathy	Ph III
ITM-058	Osteoporosis	Ph III
VRS-317	Pediatric growth hormone deficiency (GHD)	Ph II /III (Phase 3)
TMG-123	TypeII Diabetes	Ph II
TMX-049	Hyperuricemia and gout	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (U.S.)
TMX-049DN	Diabetic nephropathy in Type 2 diabetes	Ph I (UK)

* *Bonalon*® is the registered trademark of Merck Sharp & Dohme Corp., USA.
* *Somatuline*® is the registered trademark of Ipsen Pharma, 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.