TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the nine months ended December 31, 2017)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan) February 5, 2018

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Finance & Investor Relations Department

(Amounts less than one million yen are omitted)

1. Highlight of the Third quarter of FY2017 (April 1, 2017 through December 31, 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 nine months ended December 31, 2017	614,677	14.9	56,292	29.1	56,813	24.1	39,727	16.6
For the nine months ended December 31, 2016	535,180	–9.5	43,614	-21.4	45,782	-19.4	34,065	-2.5

cf. Comprehensive income for the nine months ended December 31, 2017 : 71,319million yen (For the nine months ended December 31, 2016 : 48,629million yen)

	E.P.S. *	Diluted E.P.S.
	Yen	Yen
For the nine months ended December 31, 2017	201.92	182.83
For the nine months ended December 31, 2016	173.23	157.06

* 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 December 31, 2017	978,574	411,285	40.5
As of March 31, 2017	964,053	351,829	35.1

cf. Shareholders' equity as of December 31, 2017 : 396,370million yen (As of March 31, 2017 : 338,383million yen)

2. Dividends

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

Note: Revision of outlook for dividends in the third 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 annual	840,000	13.3	68,000	20.3	68,000	21.6	45,000	-10.2	228.72

Note: Revision of outlook for FY2017 consolidated operating results in the Third quarter: Yes

4. 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 6.

1. Qualitative Information

(1) Qualitative Information on Results of Operations

1) Analysis of Consolidated Results of Operations

Global economic conditions in the nine months ended December 31, 2017 continued to show signs of improvement on the whole, despite heightened geopolitical risks. In the U.S., stock prices reached all-time highs, driven by strong corporate earnings. Europe saw a robust recovery led by internal demand. Meanwhile, in the Japanese economy, personal consumption was held to a modest rebound mainly due to sluggish growth in wages, despite a recovery in corporate earnings and improvement in capital expenditures.

In this environment, for the nine months ended December 31, 2017, consolidated net sales totaled ¥614.7 billion, an increase of 14.9% 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 29.1% to ¥56.3 billion and ordinary income increased 24.1% to ¥56.8 billion, due to the impact of recording consideration for the licensing out of an investigational antibody candidate targeting a possible new treatment of Alzheimer’s disease to Merck & Co., Inc. in Pharmaceuticals and the recording of the impact of withdrawal from the U.S. home healthcare business in Home Healthcare. Profit attributable to owners of parent increased 16.6% to ¥39.7 billion. Earnings per share rose ¥28.69 to ¥201.92.

2) Business Segment Results for the nine months ended December 31, 2017

In April 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 ¥457.0 billion, up ¥70.9 billion year on year, while operating income was ¥24.2 billion, down ¥0.2 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 applications, such as friction materials and rubber reinforcements, 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, we drove growth in sales volume of compound applications, as well as sports and leisure applications in Asia. Additionally, eyeing the expansion of sales of *Pyromex* Oxidized PAN fiber for aircraft brake pads, we converted a carbon fiber production line into a *Pyromex* production line at Toho Tenax America, Inc., and the converted production line is now ready for the start of production. Moreover, in order to address growing demand for carbon fiber primarily in North America, we decided to establish a new carbon-fiber production facility in the U.S. city of Greenwood, South Carolina and to set up Teijin Carbon Fibers, Inc., as a subsidiary that will operate the new carbon-fiber production facility. Additionally, we decided to integrate our subsidiary Toho Tenax Co., Ltd., the core company of Teijin's carbon fiber business, into Teijin Limited in April 2018. Along with this, we plan to increase the production capacity of a specialized polyacrylonitrile (PAN) precursor[*], which is used as a raw material for carbon fiber, at Toho Tenax's Mishima Factory in Shizuoka Prefecture, Japan.

In Resin and Plastics Processing, demand trended firmly for our mainstay *Panlite* and *Multilon* polycarbonate resin products. As a result, high capacity utilization was maintained at both production sites in the PRC and Japan. High-performance products are a key area of focus. In this area, we pushed ahead with the development and sales of products that will help to reduce the weight of automobiles, specifically resins for liquid crystal panels, resins for automotive exterior materials, and resins for sensor and camera lenses. Moreover, we commenced sales of our first compound product made of polycarbonate resin and polypropylene resin, a first of its kind in the world, for use in storage containers for infectious waste.

In Films, we continued to generate favorable sales of *Purex* release films for manufacturing processes mainly for use in multilayer ceramic capacitors for smartphones. In addition, as the world's only manufacturer and supplier of polyethylene-naphthalate (PEN) film, we strove to expand sales of PEN film for data storage applications and for insulator applications in electric vehicle (EV) motors. Our reverse-dispersion solvent-cast retardation film using specialty polycarbonate resin is used as an organic electroluminescent display (OLED) antireflective film for smartphones and tablets. Sales of this reverse-dispersion solvent-cast retardation film were slightly sluggish due to lackluster sales of smartphone and tablet models using this film.

Polyester Fibers & Trading and Retail Business Group

Functional materials for sports and outdoor use for Europe and the Americas and automotive-related materials posted solid sales.

In Fiber Materials and Apparel, fiber materials saw continued favorable sales of functional materials for sports and outdoor use for Europe and the Americas. Firm sales were posted for uniforms. In functional textiles and apparel, performance was sluggish, due partly to inventory adjustments by major customers amid continued weakness in domestic market conditions. However, we grew our integrated proposal-based business encompassing materials to products and expanded our initiatives with leading customers.

In Industrial Textiles and Materials, sales of automotive-related materials trended firmly. Notably, surging demand supported growing sales of air-bag fabric and synthetic leather car seat fabric. In other industrial textiles and related

[*] Precursor is oxidized at 200-300 degrees centigrade and carbonized at 1,000-2,000 degrees centigrade in an oxygen-free environment and made into carbon fiber.

materials, there was a downturn in sales of civil engineering materials as earthquake reconstruction demand subsided. In polyester fibers, sales of rubber reinforcement materials and functional cotton for bed and bedding were solid. Sales of non-woven fabrics for high-performance filters also expanded.

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

In Composites, we recorded firm sales of mass-produced automotive components led by Continental Structural Plastics Holdings Corporation for pickup trucks and SUVs, that performed well in North America, and for large trucks, for which the market showed signs of recovery. 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, in *LIELSORT* lithium-ion battery (LIB) separators for consumer applications, we commenced shipments following adoption in LIBs for new models in sales to existing customers. However, we experienced delays in expanding sales to new customers.

I. Healthcare Business Field

In the Healthcare Business Field, sales were ¥118.8 billion, up ¥4.7 billion year on year, while operating income was ¥32.1 billion, up ¥12.9 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 July 2017, *Somatuline*® received additional approval in Japan for the indication of gastro-entero-pancreatic neuroendocrine tumors (GEP NET). 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 73 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 addition, in October 2017, we acquired the exclusive license and co-development rights in Japan to *Xeomin* (incobotulinumtoxinA), the novel type A botulinum neurotoxin developed by U.S.-based Merz Pharma GmbH & Co. KGaA, covering all expected indications for ethical pharmaceutical use in Japan.

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

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

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 *SAS-2100* Sleeping pattern analysis devices. Meanwhile, *VitalLink*, a multidisciplinary collaboration and information sharing system which is a product targeting comprehensive community healthcare 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. Moreover, in October 2017, we acquired the exclusive sales rights in Japan to *NeuroStar* Transcranial Magnetic Stimulation (TMS), a device for the treatment of depression, from the U.S. medical device maker Neuronetics, Inc.

In the area of New Healthcare initiatives, particularly the field of regenerative medicine, in July 2017 we entered into a co-development and license agreement with JCR Pharmaceuticals Co., Ltd. regarding an allogeneic regenerative medical product using dental pulp stem cells (DPCs) for the indication of acute cerebral infarction (stroke) for Japan. Furthermore, in July 2017, we established Teijin Medical Technologies Co., Ltd. by investing in a medical company spun off from C.I. TAKIRON Corporation in the field of implantable medical products. Additionally in October 2017, Teijin Nakashima Medical Co., Ltd., a Teijin group company, agreed to acquire the orthopedic business, principally spine fixation devices and spine cages, of Century Medical, Inc., an importer and distributer of medical devices in Japan. In the field of functional food ingredients, the enhanced barley product *BARLEYmax* is being steadily adopted by a growing number of food manufacturers as a result of development and marketing activities for this product.

II. Others

In the Others, sales were ¥38.9 billion, up ¥3.9 billion year on year and operating income was ¥4.2 billion, up ¥0.8 billion.

In the IT business, specifically in Digital Entertainment, sales of the *Meccha Comics* e-comics distribution service steadily expanded. In November 2017, we implemented a collaboration project with SHUEISHA Inc. The project contributed to the acquisition of new readers and growth in related sales. In Business Solutions, specifically in the healthcare-related business, we expanded the lineup for hospitals and pharmaceutical companies. In addition, we worked on the "Nursing care whole IT!" project to advance comprehensive community healthcare, along with strengthening upfront investment to develop new healthcare services based on AI and IoT. Moreover, we began providing robotic process automation (RPA) solutions, which will achieve productivity enhancements and improved business processes through the automation of routine tasks.

(2) Qualitative Information on Financial Position

Assets, Liabilities and Net Assets

Total assets as of December 31 2017 amounted to ¥978.6 billion, up ¥14.5 billion from the end of FY2016. The main reason for the increase in total assets was an increase in the yen-denominated valuation of foreign-currency denominated assets in connection with the weaker yen, despite a decrease in cash and deposits due to the repayment of long-term loans payable.

Total liabilities amounted to ¥567.3 billion, down ¥44.9 billion from the end of FY2016. The main reasons for this decrease were the repayment of long-term loans payable and the reversal of provision for business structure improvement recorded in preparation for the withdrawal from the U.S. home healthcare business.

Total net assets amounted to ¥411.3 billion, up ¥59.5 billion from the end of FY2016. This was mainly due to profit attributable to owners of parent of ¥39.7 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

Looking at the outlook for global economy, the current expansionary trend is expected to continue both in developed countries centered on Europe and the U.S. and in emerging countries, despite the continuation of heightened geopolitical risks. The Japanese economy is forecast to remain on a steady growth trajectory on the whole, underpinned partly by a projected increase in investments to address personnel shortfalls, against the backdrop of growing corporate earnings.

In light of our business performance for the nine months ended December 31, 2017, we have revised our consolidated full-term operating results forecasts for FY2017, which were announced on November 7, 2017, as follows. In connection with this revision, we have assumed that the exchange rates in the fourth quarter of FY2017 (January – March 2018) are ¥110 to US$1.00 and ¥130 to €1.00, and that the average Dubai crude oil price is US$60 per barrel.

(Billions of yen/ %)

Full-term operating results forecasts for FY2017	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Previous forecast (A)	850.0	68.0	68.0	45.0
Revised forecast (B)	840.0	68.0	68.0	45.0
Change (B–A)	-10.0	—	—	—
Percentage change	-1.2%	—	—	—
(For reference) Results for FY2016	741.3	56.5	55.9	50.1

(For reference) Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	For the nine months ended December 31, 2017	Full term (Outlook)	For the nine months ended December 31, 2017	Full term (Outlook)
Materials	457.0	625.0	24.2	33.0
Healthcare	118.8	155.0	32.1	36.0
Subtotal	575.8	780.0	56.3	69.0
Others	38.9	60.0	4.2	5.5
Elimination and corporate	—	—	(4.2)	(6.5)
Consolidated total	614.7	840.0	56.3	68.0

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.

2. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
< Assets >		
Current assets		
Cash and deposits	97,750	94,064
Notes and accounts receivable-trade	166,803	172,902
Securities	20,000	3,000
Merchandise and finished goods	84,272	95,893
Work in process	8,980	12,254
Raw materials and supplies	29,059	34,035
Other current assets	60,799	63,898
Allowance for doubtful accounts	(909)	(570)
Total	**466,754**	**475,478**
Noncurrent assets		
Tangible assets		
Buildings and structures, net	61,178	60,593
Machinery and equipment, net	98,322	95,365
Other, net	81,788	84,175
Total	**241,289**	**240,134**
Intangible assets		
Goodwill	32,737	30,380
Other	36,302	34,190
Total	**69,040**	**64,570**
Investments and other assets		
Investment securities	115,104	130,869
Other assets	73,955	69,633
Allowance for doubtful accounts	(2,092)	(2,111)
Total	**186,967**	**198,391**
Total noncurrent assets	**497,298**	**503,096**
Total assets	**964,053**	**978,574**

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	79,117	89,975
Short-term loans payable	57,585	72,847
Current portion of long-term loans payable	51,326	19,295
Current portion of bonds	—	20,023
Income taxes payable	5,021	3,105
Provision for business structure improvement	15,112	139
Other	71,409	57,607
Total	**279,572**	**262,994**
Noncurrent liabilities		
Bonds payable	55,109	35,056
Long-term loans payable	210,431	198,595
Provision for business structure improvement	10,944	10,262
Net defined benefit liability	35,427	36,663
Asset retirement obligations	1,322	2,038
Other	19,414	21,679
Total	**332,650**	**304,295**
Total liabilities	**612,223**	**567,289**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	103,664	103,670
Retained earnings	168,661	196,583
Treasury stock	(274)	(232)
Total	**342,867**	**370,838**
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,842	32,298
Deferred gains or losses on hedges	(276)	1,231
Foreign currency translation adjustment	(24,889)	(5,879)
Remeasurements of defined benefit plans	(1,159)	(2,117)
Total	**(4,483)**	**25,531**
Subscription rights to shares	**861**	**827**
Non-controlling interests	**12,583**	**14,087**
Total net assets	**351,829**	**411,285**
Total liabilities and net assets	**964,053**	**978,574**

(2) Consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Net sales	**535,180**	**614,667**
Cost of sales	350,857	413,858
Gross profit	**184,322**	**200,819**
Selling, general and administrative expenses	140,707	144,527
Operating income	**43,614**	**56,292**
Non-operating income		
Interest income	468	768
Dividends income	1,756	1,894
Equity in earnings of affiliates	2,352	894
Gain on valuation of derivatives	564	887
Miscellaneous income	479	1,167
Total	5,621	5,613
Non-operating expenses		
Interest expenses	1,628	1,980
Foreign exchange losses	252	1,487
Miscellaneous loss	1,572	1,624
Total	3,453	5,092
Ordinary income	**45,782**	**56,813**
Extraordinary income		
Gain on sales of noncurrent assets	229	5,515
Gain on sales of investment securities	11	432
Reversal of provision for business structure improvement	—	310
Reversal of impairment losses	51	—
Gain on revision of retirement benefit plan	193	—
Other	173	51
Total	659	6,309
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,565	1,516
Impairment loss	735	385
Business structure improvement expenses	2,020	511
Other	719	545
Total	5,041	2,958
Income before income taxes	**41,400**	**60,164**
Income taxes	6,668	19,190
Profit	**34,732**	**40,973**
Profit attributable to non-controlling interests	666	1,246
Profit attributable to owners of parent	**34,065**	**39,727**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the nine months ended December 31, 2016	For the nine months ended December 31, 2017
Profit	**34,732**	**40,973**
Other comprehensive income		
Valuation difference on available-for-sale securities	5,832	10,702
Deferred gains or losses on hedges	13,993	1,507
Foreign currency translation adjustment	(3,262)	17,587
Remeasurements of defined benefit plans, net of tax	(496)	(1,017)
Share of other comprehensive income of associates accounted for using equity method	(2,170)	1,565
Total	**13,896**	**30,345**
Comprehensive income	**48,629**	**71,319**
Comprehensive income attributable to :		
Owners of parent	47,866	69,742
Non-controlling interests	762	1,577

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 nine months ended December 31, 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

(1) Results of the Third quarter of FY2016 (April 1, 2016 through December 31, 2016)

1) Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	386,110	114,139	500,249	34,930	535,180
2) Intersegment transactions or transfers	704	—	704	5,334	6,038
Net sales	386,815	114,139	500,954	40,264	541,218
Segment income	24,350	19,240	43,590	3,329	46,919

* "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	43,590
Others segment	3,329
Elimination of intersegment transactions	159
Corporate expenses*	(3,465)
Operating income	43,614

* 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) Results of the Third quarter of FY2017 (April 1, 2017 through December 31, 2017)

1) Segment sales and operating income

(Millions of yen)

	Reportable operating segments			Others*	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	456,964	118,842	575,806	38,870	614,677
2) Intersegment transactions or transfers	829	2	831	6,010	6,841
Net sales	457,793	118,844	576,638	44,881	621,519
Segment income	24,184	32,102	56,286	4,170	60,456

* "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	56,286
Others segment	4,170
Elimination of intersegment transactions	160
Corporate expenses*	(4,324)
Operating income	56,292

* 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

In April 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 nine months ended December 31, 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.