

# Consolidated Financial Statements Summary

(For the three months ended June 30, 2018)

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, 2018

Company name : TEIJIN LIMITED (Stock code 3401)

<https://www.teijin.com>

Contact person : Hiroki Sorate General Manager, Investor Relations Department

TEL: +81-(0)3-3506-4395

(Amounts rounded to the nearest million yen)

## 1. Highlight of the First quarter of FY2018 (April 1, 2018 through June 30, 2018)

### (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, 2018 | 216,374     | 9.1  | 18,251           | -4.7 | 21,194          | 5.8  | 19,481                                  | 45.4 |
| For the three months ended June 30, 2017 | 198,240     | 13.8 | 19,145           | 22.0 | 20,039          | 39.2 | 13,396                                  | 17.1 |

cf. Comprehensive income for the three months ended June 30, 2018 : 21,780million yen (For the three months ended June 30, 2017 : 29,833million yen)

|  | E.P.S. * | Diluted E.P.S. |
|--|----------|----------------|
|  | Yen      | Yen            |
| For the three months ended June 30, 2018 | 98.47    | 89.54          |
| For the three months ended June 30, 2017 | 68.09    | 61.68          |

\* 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, 2018  | 1,028,060    | 423,407     | 39.7                       |
| As of March 31, 2018 | 981,967      | 408,237     | 40.0                       |

cf. Shareholders' equity as of June 30, 2018 : 408,268million yen (As of March 31, 2018 : 392,925million yen)

## 2. Dividends

| Period           | Dividends per share |       |     |       |        |
|------------------|---------------------|-------|-----|-------|--------|
|                  | 1Q                  | 2Q    | 3Q  | 4Q    | Annual |
|                  | Yen                 | Yen   | Yen | Yen   | Yen    |
| FY2017           | —                   | 30.00 | —   | 30.00 | 60.00  |
| FY2018           | —                   |       |     |       |        |
| FY2018 (Outlook) |                     | 30.00 | —   | 40.00 | 70.00  |

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

\*The year-end dividend per share for FY2018 (Outlook) includes an ordinary dividend of 30 yen and a commemorative dividend of 10 yen.

## 3. Forecast for operating results in the year ending March 31, 2019 (FY2018)

(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    |
| FY2018 interim | 435,000     | 7.5 | 35,000           | -6.7 | 37,000          | -2.4 | 29,000                                  | -0.6 | 146.59 |
| FY2018 annual  | 890,000     | 6.6 | 70,000           | 0.3  | 72,000          | 6.2  | 48,000                                  | 5.4  | 242.63 |

Note: Revision of outlook for FY2018 consolidated operating results in the first 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 3.

# 1. Qualitative Information

## ( 1 ) Qualitative Information on Results of Operations

### 1 ) Analysis of Consolidated Results of Operations

Global economic conditions in the three months ended June 30, 2018 saw continued economic expansion in Europe and the Americas due to factors including growth in personal consumption. The PRC and the ASEAN economies also continued to grow at a moderate pace. However, concerns about the global economic outlook grew stronger, mainly reflecting the risk of economic deceleration due to factors such as political developments in Europe, the Americas and Asia, along with rising interest rates in the U.S. The Japanese economy also continued to stage a modest recovery mainly underpinned by favorable corporate earnings and employment conditions. However, the outlook for the Japanese economy remained opaque, based partly on the uncertainty in overseas economies.

In this environment, for the three months ended June 30, 2018, consolidated net sales totaled ¥216.4 billion, an increase of 9.1% year on year. This increase was primarily due to firm sales in each business, especially in the Materials Business Field. Operating income decreased 4.7% to ¥18.3 billion. This decrease was mainly due to the impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau protein for a possible new treatment of Alzheimer's disease to Merck & Co., Inc. in FY2017, despite solid sales in each business. Ordinary income increased 5.8% to ¥21.2 billion, mainly reflecting an increase in foreign exchange valuation gains due to the yen's depreciation. Profit attributable to owners of parent rose 45.4% year on year to ¥19.5 billion, helped by the recording of extraordinary income. Earnings per share increased ¥30.38 year on year to ¥98.47.

### 2 ) Business Segment Results for the three months ended June 30, 2018

#### I. Materials Business Field

*In the Materials Business Field, sales were ¥164.4 billion, up ¥18.1 billion year on year, while operating income was ¥9.0 billion, up ¥0.8 billion..*

#### **Material Business Group**

*Sales of aramid fibers were firm mainly for automotive applications, and the sales mix for resin products improved.*

In Aramid Fibers, sales of *Twaron* para-aramid fibers expanded steadily, centered on automotive applications, such as friction materials and rubber reinforcements. Sales were firm for *Technora* para-aramid fibers, owing primarily to sales for rope-related applications overseas. 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 grew steadily for use in aircraft, as well as compound applications and sports and leisure applications. Sales also expanded for pressure vessel applications. Meanwhile, raw material and fuel prices increased from the same period of the previous fiscal year, pushing down earnings.

In Resin and Plastics Processing, our mainstay *Panlite* and *Multilon* polycarbonate resin products maintained profitability, owing to an improved sales mix reflecting growth in sales of high-performance compounds and related products, and high capacity utilization achieved at our production sites in the PRC and Japan against the backdrop of surging demand. This was despite an increase in raw materials prices from the same period of the previous fiscal year.

In Films, *Purex*, which is used as a release film for manufacturing processes mainly for multilayer ceramic capacitors

for smartphones and automotive electronics, continued to generate favorable sales atop expanded sales volume, with sales also firm for PEN film for use in automobiles. Sales of reflective films for use in liquid crystal display (LCD) televisions decreased in line with a contraction in the scale of operations.

### ***Polyester Fibers & Trading and Retail Business Group***

*Sales of unique functional materials expanded in Fiber Materials and Apparel, while sales of automotive materials were slightly sluggish.*

In Fiber Materials and Apparel, fiber materials saw continued favorable sales of unique functional materials for sports and outdoor use for Europe and the Americas, such as the *DELTA* series. In functional textiles and apparel, our integrated proposals encompassing products featuring unique functional materials, such as *SOLOTEX*, proved successful. As a result, performance was firm across both sports and general apparel.

In Industrial Textiles and Materials, the automotive materials business posted a slightly sluggish performance owing to delays in some customer verification processes.

### ***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.

In Battery Materials, in *LIELSORT* lithium-ion battery (LIB) separators for consumer applications, sales to existing customers were sluggish.

## **II. Healthcare Business Field**

*In the Healthcare Business Field, sales were ¥39.2 billion, down ¥0.5 billion year on year, while operating income was ¥9.9 billion, down ¥1.9 billion.*

*Sales and earnings both decreased due partly to the impact of recording consideration for the licensing out of an investigational antibody candidate in Pharmaceuticals in the previous fiscal year, despite solid sales.*

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*<sup>®</sup>, a treatment for acromegaly, continued to expand steadily. Sales of febuxostat also continued to grow encouragingly overseas. However, overall sales and earnings both decreased from the same period of the previous fiscal year, due partly to the impact of recording consideration for the licensing out of an investigational antibody candidate targeting tau protein for a possible new treatment of Alzheimer's disease in the previous fiscal year.

In Home Healthcare, we maintained a high level of rental volume for therapeutic oxygen concentrators for home

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\* *Somatuline*<sup>®</sup> is the registered trademark of Ipsen Pharma, France.

oxygen therapy (HOT). This was done by enhancing the lineup of portable oxygen concentrators (*Hi-Sanso Portable a* (alpha), *Hi-Sanso Portable a II*). Rental volume for continuous positive airway pressure (CPAP) ventilators increased favorably, mainly 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.

In the area of New Healthcare initiatives, particularly particularly in the field of implantable medical products, Teijin Nakashima Medical Co., Ltd. a Teijin group company developing the artificial joint and orthopedic spine product businesses, posted a solid business performance.

### **III. Others**

*In the Others, sales were ¥12.8 billion, up ¥0.6 billion year on year, while operating income was ¥0.6 billion, down ¥0.4 billion.*

In the IT business, specifically in Digital Entertainment, sales of the *Meccha Comics* e-comics distribution service steadily expanded. Initiatives such as an exclusive pre-release e-comics distribution based on stronger ties with a major publisher also contributed to sales growth.

## **( 2 ) Qualitative Information on Financial Position**

### **Assets, Liabilities and Net Assets**

Total assets as of June 30, 2018 amounted to ¥1,028.1 billion, up ¥46.1 billion from the end of FY2017. The main reasons for the increase were increases in cash and deposits and securities.

Total liabilities amounted to ¥604.7 billion, up ¥30.9 billion from the end of FY2017. One main component of this change was an increase in short-term loans payable.

Total net assets amounted to ¥423.4 billion, up ¥15.2 billion from the end of FY2017. This was mainly due to profit attributable to owners of parent of ¥19.5 billion.

## **( 3 ) Qualitative Information on Outlook for Operating Results**

Looking at the outlook for global economy going forward, the risk of economic deceleration due to political developments in Europe, the Americas and Asia is expected to persist. Accordingly, the environment surrounding our businesses has become increasingly uncertain.

In light of this economic outlook and considering the firm sales trends in both the Materials Business Field and Healthcare Business Field, our consolidated first half operating results forecasts call for net sales of ¥435.0 billion, operating income of ¥35.0 billion, ordinary income of ¥37.0 billion and profit attributable to owners of parent of ¥29.0 billion. Looking at our consolidated full-term operating results forecasts for FY2018, we are forecasting net sales of ¥890.0 billion, operating income of ¥70.0 billion, ordinary income of ¥72.0 billion, and profit attributable to owners of parent of ¥48.0 billion.

With regard to our full-term exchange rate assumptions for FY2018, we have revised our assumed dollar-yen rate to ¥110 to US\$1.00, while maintaining our assumed euro-yen rate unchanged at ¥130 to €1.00. Our assumption for the full-term

average Dubai crude oil price has been revised to US\$70 per barrel.

First half operating results forecasts for FY2018

(Billions of yen/ %)

|                       | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent |
|-----------------------|-----------|------------------|-----------------|---|
| Previous forecast (A) | 430.0     | 34.0             | 35.0            | 27.0                                    |
| Revised forecast (B)  | 435.0     | 35.0             | 37.0            | 29.0                                    |
| Change (B-A)          | +5.0      | +1.0             | +2.0            | +2.0                                    |
| Percentage change     | +1.2%     | +2.9%            | +5.7%           | +7.4%                                   |

Full-term operating results forecasts for FY2018

(Billions of yen/ %)

|                       | Net sales | Operating income | Ordinary income | Profit attributable to owners of parent |
|-----------------------|-----------|------------------|-----------------|---|
| Previous forecast (A) | 880.0     | 70.0             | 71.0            | 47.0                                    |
| Revised forecast (B)  | 890.0     | 70.0             | 72.0            | 48.0                                    |
| Change (B-A)          | +10.0     | 0                | +1.0            | +1.0                                    |
| Percentage change     | +1.1%     | 0.0%             | +1.4%           | +2.1%                                   |

(For reference) Forecast for Segment Results

(Billions of yen)

|                           | Net sales            |                     | Operating income     |                     |
|---------------------------|----------------------|---------------------|----------------------|---------------------|
|                           | First half (Outlook) | Full term (Outlook) | First half (Outlook) | Full term (Outlook) |
| Materials                 | 330.0                | 680.0               | 17.0                 | 36.5                |
| Healthcare                | 80.0                 | 155.0               | 18.5                 | 34.0                |
| Others                    | 25.0                 | 55.0                | 2.5                  | 6.0                 |
| Elimination and corporate | —                    | —                   | (3.0)                | (6.5)               |
| Consolidated total        | 435.0                | 890.0               | 35.0                 | 70.0                |

*Italicized product and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries, or, where noted, 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, 2018 | As of June 30, 2018 |
|-------------------------------------|----------------------|---------------------|
| <b>&lt; Assets &gt;</b>             |                      |                     |
| <b>Current assets</b>               |                      |                     |
| Cash and deposits                   | 96,418               | 111,515             |
| Notes and accounts receivable-trade | 177,777              | 180,309             |
| Securities                          | 14,000               | 27,000              |
| Merchandise and finished goods      | 91,258               | 101,463             |
| Work in process                     | 10,828               | 11,910              |
| Raw materials and supplies          | 34,179               | 32,760              |
| Other current assets                | 53,978               | 56,173              |
| Allowance for doubtful accounts     | -578                 | -675                |
| <b>Total</b>                        | <b>477,859</b>       | <b>520,455</b>      |
| <b>Noncurrent assets</b>            |                      |                     |
| <b>Tangible assets</b>              |                      |                     |
| Buildings and structures, net       | 60,107               | 61,432              |
| Machinery and equipment, net        | 94,870               | 94,387              |
| Other, net                          | 85,313               | 89,981              |
| <b>Total</b>                        | <b>240,289</b>       | <b>245,800</b>      |
| <b>Intangible assets</b>            |                      |                     |
| Goodwill                            | 27,192               | 27,444              |
| Other                               | 33,149               | 33,273              |
| <b>Total</b>                        | <b>60,341</b>        | <b>60,717</b>       |
| <b>Investments and other assets</b> |                      |                     |
| Investment securities               | 127,721              | 130,565             |
| Other                               | 77,859               | 72,514              |
| Allowance for doubtful accounts     | -2,102               | -1,991              |
| <b>Total</b>                        | <b>203,479</b>       | <b>201,088</b>      |
| <b>Total noncurrent assets</b>      | <b>504,108</b>       | <b>507,605</b>      |
| <b>Total assets</b>                 | <b>981,967</b>       | <b>1,028,060</b>    |

(Millions of yen)

|   | As of March 31, 2018 | As of June 30, 2018 |
|---|----------------------|---------------------|
| <b>&lt; Liabilities &gt;</b>                          |                      |                     |
| <b>Current liabilities</b>                            |                      |                     |
| Notes and accounts payable-trade                      | 92,383               | 98,702              |
| Short-term loans payable                              | 66,291               | 100,920             |
| Current portion of long-term loans payable            | 16,175               | 17,244              |
| Current portion of bonds                              | 17,986               | 17,980              |
| Income taxes payable                                  | 5,111                | 3,266               |
| Provision for business structure improvement          | 9,572                | 8,469               |
| Other   | 68,668               | 60,644              |
| <b>Total</b>  | <b>276,186</b>       | <b>307,226</b>      |
| <b>Noncurrent liabilities</b>                         |                      |                     |
| Bonds payable   | 35,053               | 35,049              |
| Long-term loans payable                               | 207,163              | 212,480             |
| Net defined benefit liability                         | 35,650               | 35,857              |
| Asset retirement obligations                          | 1,426                | 1,428               |
| Other   | 18,252               | 12,612              |
| <b>Total</b>  | <b>297,544</b>       | <b>297,427</b>      |
| <b>Total liabilities</b>                              | <b>573,730</b>       | <b>604,653</b>      |
| <b>&lt;Net assets&gt;</b>                             |                      |                     |
| <b>Shareholders' equity</b>                           |                      |                     |
| Capital stock   | 71,833               | 71,833              |
| Capital surplus                                       | 104,685              | 104,486             |
| Retained earnings                                     | 202,413              | 215,960             |
| Treasury stock  | -167                 | -151                |
| <b>Total</b>  | <b>378,765</b>       | <b>392,127</b>      |
| <b>Accumulated other comprehensive income</b>         |                      |                     |
| Valuation difference on available-for-sale securities | 28,377               | 29,845              |
| Deferred gains or losses on hedges                    | 903                  | 761                 |
| Foreign currency translation adjustment               | -14,815              | -14,036             |
| Remeasurements of defined benefit plans               | -305                 | -428                |
| <b>Total</b>  | <b>14,160</b>        | <b>16,141</b>       |
| <b>Subscription rights to shares</b>                  | <b>860</b>           | <b>874</b>          |
| <b>Non-controlling interests</b>                      | <b>14,453</b>        | <b>14,264</b>       |
| <b>Total net assets</b>                               | <b>408,237</b>       | <b>423,407</b>      |
| <b>Total liabilities and net assets</b>               | <b>981,967</b>       | <b>1,028,060</b>    |



## ( 2 ) Consolidated Statements of Income

(Millions of yen)

|   | For the three months<br>ended June 30, 2017 | For the three months<br>ended June 30, 2018 |
|---|---|---|
| <b>Net sales</b>                                  | <b>198,240</b>                              | <b>216,374</b>                              |
| Cost of sales                                     | 131,298                                     | 147,656                                     |
| <b>Gross profit</b>                               | <b>66,942</b>                               | <b>68,718</b>                               |
| Selling, general and administrative expenses      | 47,797                                      | 50,467                                      |
| <b>Operating income</b>                           | <b>19,145</b>                               | <b>18,251</b>                               |
| Non-operating income                              |   |   |
| Interest income                                   | 235   | 264   |
| Dividends income                                  | 1,116                                       | 1,195                                       |
| Equity in earnings of affiliates                  | 297   | 271   |
| Gain on valuation of derivatives                  | 431   | 2,902                                       |
| Miscellaneous income                              | 241   | 377   |
| Total   | 2,320                                       | 5,009                                       |
| Non-operating expenses                            |   |   |
| Interest expenses                                 | 609   | 812   |
| Foreign exchange losses                           | 503   | 881   |
| Miscellaneous loss                                | 314   | 373   |
| Total   | 1,426                                       | 2,066                                       |
| <b>Ordinary income</b>                            | <b>20,039</b>                               | <b>21,194</b>                               |
| Extraordinary income                              |   |   |
| Gain on sales of noncurrent assets                | 48  | 250   |
| Settlement received                               | —   | 4,500                                       |
| Other   | 25  | 486   |
| Total   | 74  | 5,236                                       |
| Extraordinary loss                                |   |   |
| Loss on sales and retirement of noncurrent assets | 222   | 225   |
| Loss on valuation of investment securities        | 43  | —   |
| Impairment loss                                   | 1   | 52  |
| Business structure improvement expenses           | 127   | 6   |
| Other   | 160   | 56  |
| Total   | 554   | 339   |
| <b>Income before income taxes</b>                 | <b>19,559</b>                               | <b>26,092</b>                               |
| Income taxes                                      | 5,998                                       | 6,403                                       |
| <b>Profit</b>                                     | <b>13,561</b>                               | <b>19,689</b>                               |
| Profit attributable to non-controlling interests  | 165   | 208   |
| <b>Profit attributable to owners of parent</b>    | <b>13,396</b>                               | <b>19,481</b>                               |

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

|   | For the three months<br>ended<br>June 30, 2017 | For the three months<br>ended<br>June 30, 2018 |
|---|--|--|
| <b>Profit</b>   | <b>13,561</b>                                  | <b>19,689</b>                                  |
| <b>Other comprehensive income</b>   |  |  |
| Valuation difference on available-for-sale securities                               | 4,634  | 1,593  |
| Deferred gains or losses on hedges  | 975  | -144   |
| Foreign currency translation adjustment   | 10,989   | 974  |
| Remeasurements of defined benefit plans, net of tax                                 | -405   | -142   |
| Share of other comprehensive income of associates accounted for using equity method | 79   | -190   |
| <b>Total</b>  | <b>16,272</b>                                  | <b>2,091</b>                                   |
| <b>Comprehensive income</b>   | <b>29,833</b>                                  | <b>21,780</b>                                  |
| Comprehensive income attributable to :  |  |  |
| Owners of parent  | 29,655   | 21,462   |
| Non-controlling interests   | 177  | 318  |

### 3. Segment and Other Information

**Notes Pertaining to Going Concern Assumption:**

None

**Notes on Significant Changes in Shareholders' Equity:**

None

**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, 2018, 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.

**Additional Information:**

Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.":

The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting, etc." (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the three months ended June 30, 2018. Accordingly, deferred tax assets have been presented under investments and other assets and deferred tax liabilities have been presented under noncurrent liabilities.

## Segment information

( 1 ) Results of the First quarter of FY2017 (April 1, 2017 through June 30, 2017)

1 ) Segment sales and operating income

(Millions of yen)

|   | Reportable operating segments |            |          | Others* | Total   |
|---|-------------------------------|------------|----------|---------|---------|
|   | Materials                     | Healthcare | Subtotal |         |         |
| Sales                                     |                               |            |          |         |         |
| 1) External customers                     | 146,285                       | 39,740     | 186,025  | 12,215  | 198,240 |
| 2) Intersegment transactions or transfers | 247                           | 0          | 247      | 1,895   | 2,142   |
| Net sales                                 | 146,531                       | 39,741     | 186,272  | 14,110  | 200,382 |
| Segment income                            | 8,174                         | 11,791     | 19,965   | 1,048   | 21,013  |

\* "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      | 19,965 |
| Others segment                           | 1,048  |
| 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 ) Loss on impairment and goodwill by reportable segments

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

( 2 ) Results of the First quarter of FY2018 (April 1, 2018 through June 30, 2018)

1 ) Segment sales and operating income

(Millions of yen)

|   | Reportable operating segments |            |          | Others* | Total   |
|---|-------------------------------|------------|----------|---------|---------|
|   | Materials                     | Healthcare | Subtotal |         |         |
| Sales                                     |                               |            |          |         |         |
| 1) External customers                     | 164,353                       | 39,223     | 203,575  | 12,799  | 216,374 |
| 2) Intersegment transactions or transfers | 325                           | 0          | 325      | 1,620   | 1,945   |
| Net sales                                 | 164,678                       | 39,223     | 203,901  | 14,419  | 218,319 |
| Segment income                            | 8,991                         | 9,917      | 18,908   | 647     | 19,555  |

\* "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      | 18,908 |
| Others segment                           | 647    |
| Elimination of intersegment transactions | 116    |
| Corporate expenses*                      | -1,420 |
| Operating income                         | 18,251 |

\* 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.