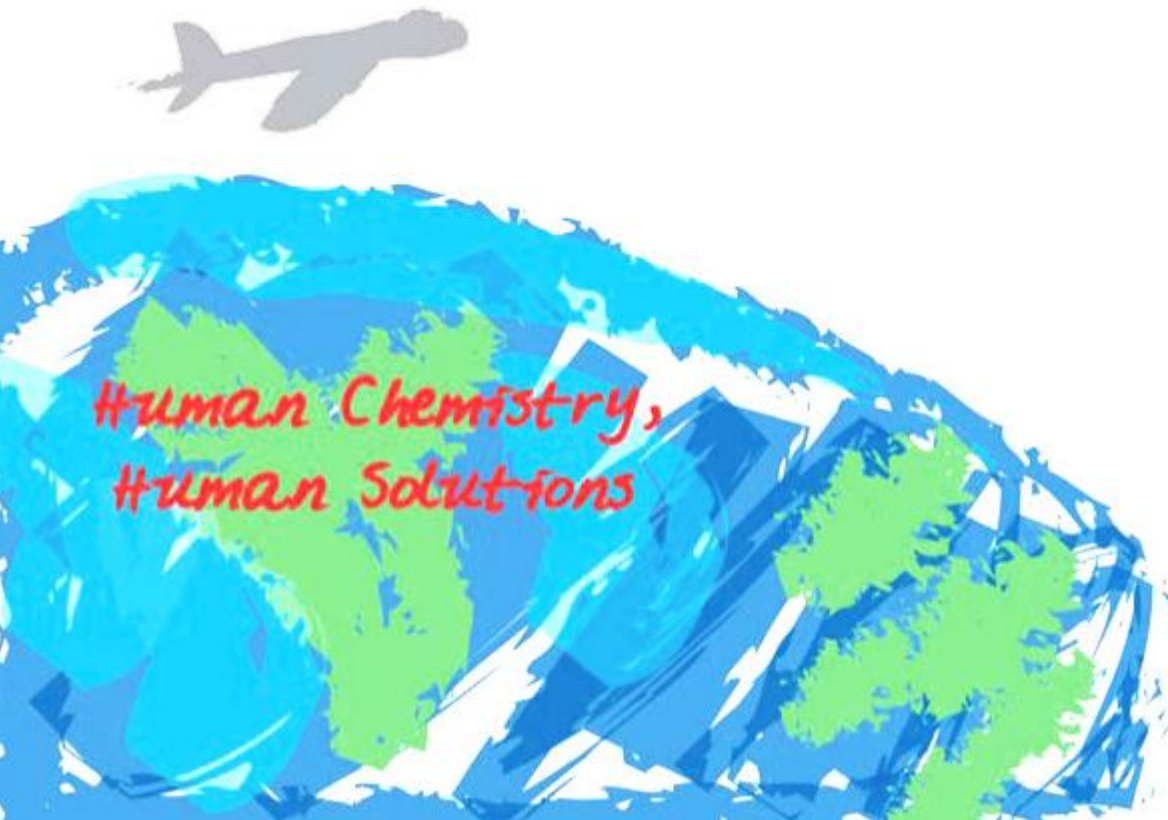


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# Flash Report

## *-Q3 Results and FY07 Outlook-*

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ECOCIRCLE™:  
the closed-loop recycling system



Teijin Limited  
January 31, 2008

# 1. Outline of FY07 Q3 Results

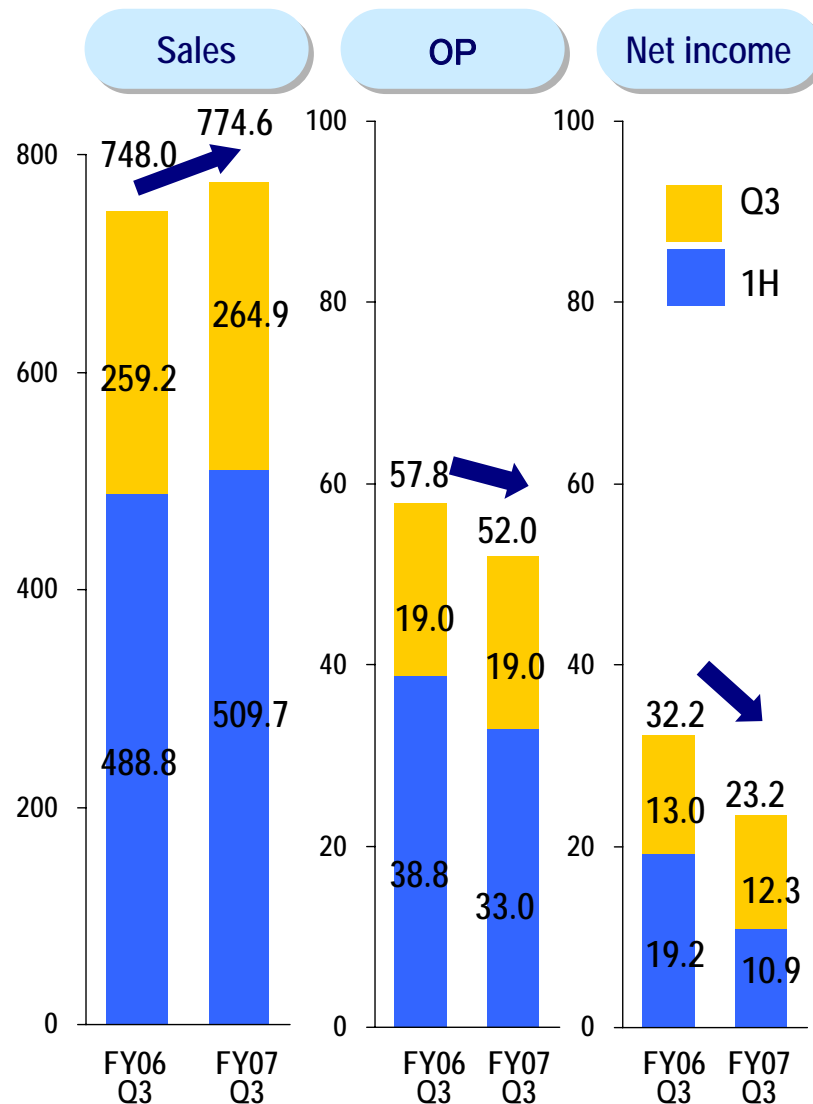
## (1) Consolidated Results for FY07 Q1-Q3 (vs. FY06 Q1-Q3)

(¥bn)

- Net sales **774.6 ¥bn (+3.6%)\***
- OP **52.0 ¥bn (-10.0%)**
- Net income **23.2 ¥bn (-27.8%)**

- Net sales up, particularly in Synthetic Fibers and Films and Plastics segments
- OP down, due to decline in OP in Films and Plastic segment
- Net income also down, as impairment loss in the 1H boosted extraordinary loss

Note: Percentages in brackets are year-on-year changes.  
OP: Operating income



## ◆ Operating results for FY07 Q1-Q3

(\\$bn)	FY06	FY07	Diff.	
			Amount	%
Net sales	748.0	774.6	+26.6	+3.6%
OP	57.8	52.0	-5.8	-10.0%
OP margin	7.7%	6.7%	-	-1.0%
Nonoperating items (net)	-8.3	-8.0	+0.2	-
Ordinary income	49.5	44.0	-5.6	-11.2%
Extraordinary items (net)	1.5	-3.8	-5.3	-
Income taxes	16.6	16.0	-0.5	-3.1%
Minority interest (net)	-2.3	-0.9	+1.4	-
Net income	32.2	23.2	-8.9	-27.8%
EPS (¥)	34.66	24.42	-10.24	-

- Net sales increased, reflecting increasingly diverse nature of business
- OP declined, owing to decrease in films and plastics
- Despite an increase in interest expense, an improvement in net investment income and losses in equity-method subsidiaries and affiliates prompted an increase in nonoperating revenues
- Extraordinary loss worsened, owing to increase in impairment loss in the 1H

EBITDA	96.6	97.8	+1.2
CAPEX	50.4	53.8	+3.3
Depreciation & amortization	38.8	45.8	+7.0
R&D expenses	24.5	26.6	+2.1

- Strategic investments—allocated mainly to growth SBUs, including aramid fibers and carbon fibers—exceeded depreciation
- R&D investments in high-performance fibers and corporate research rose

Note: EBITDA= (Operating income + Depreciation & amortization)

## ◆ Financial Position

(¥bn)	Mar 31	Dec 31	Diff.
Total assets	999.9	1,062.9	+63.0
Shareholders' equity	366.8	409.2	+42.5
Interest-bearing debt	295.5	354.0	+58.5

D/E ratio	0.81	0.87	+0.06
Shareholders' equity ratio	36.7%	38.5%	+1.8%
BPS(¥)	395.18	415.78	+20.6

- Total assets and shareholders' equity increased
- Interest-bearing debt rose
- Debt-to-equity ratio worsened slightly
- Increase in book value per share due to issue of stock as a result of stock swap

- Despite positive bottom line, cash provided by operating activities declined owing to increase in inventories, etc.
- Strategic investments maintained at high level
- Sharp increase in funds raised through financing activities due to decline in free cash flow

## ◆ Cash Flows

(¥bn)	Operating activities	Investing activities	FCF	Financing activities	Cash & cash equivalents
FY07(Q1-Q3)	* 9.1	-51.3	-42.2	46.4	4.2
FY06(Q1-Q3)	48.8	-67.2	-18.4	19.1	0.7

## ◆ Foreign Exchange Rate

### ◇ BS exchange rate

	Dec 31, '06	Sep 30, '07
JPY/ US\$	119.11	115.43
JPY/ EURO	156.50	163.38

Note: Fiscal year-end for overseas companies is Dec 31.

Note: Income taxes paid totaled ¥24.1 billion. Of this total, approximately ¥10.0 billion was accounted for by transient payments by a subsidiary in the Netherlands.

## (2) Operating Results by Segment for FY07 (vs. FY06)

◆ Q1-Q3

(¥bn)	Net sales				Operating income			
	FY06	FY07	Diff.	%	FY06	FY07	Diff.	%
Synthetic Fibers	217.9	237.2	+19.3	+8.8%	13.6	17.5	+3.9	+28.6%
Films & Plastics	214.2	221.6	+7.4	+3.5%	26.6	18.7	-7.9	-29.7%
Pharma. & H.H.C.	85.8	87.0	+1.2	+1.4%	17.5	17.3	-0.2	-1.1%
Trading & Retail	199.5	199.1	-0.4	-0.2%	3.8	4.0	+0.3	+6.9%
IT & New Products, etc.	30.6	29.7	-0.9	-3.0%	1.0	0.7	-0.2	-23.7%
Elimination & Corporate	-	-	-	-	-4.7	-6.3	-1.6	-
Total	748.0	774.6	+26.6	+3.6%	57.8	52.0	-5.8	-10.0%

① Synthetic Fibers: Increase in sales & OP

◆ Operating Results

- ◇ Polyester Fibers: Increase in sales, loss halved
- ◇ High Performance Fibers: Increase in sales & OP

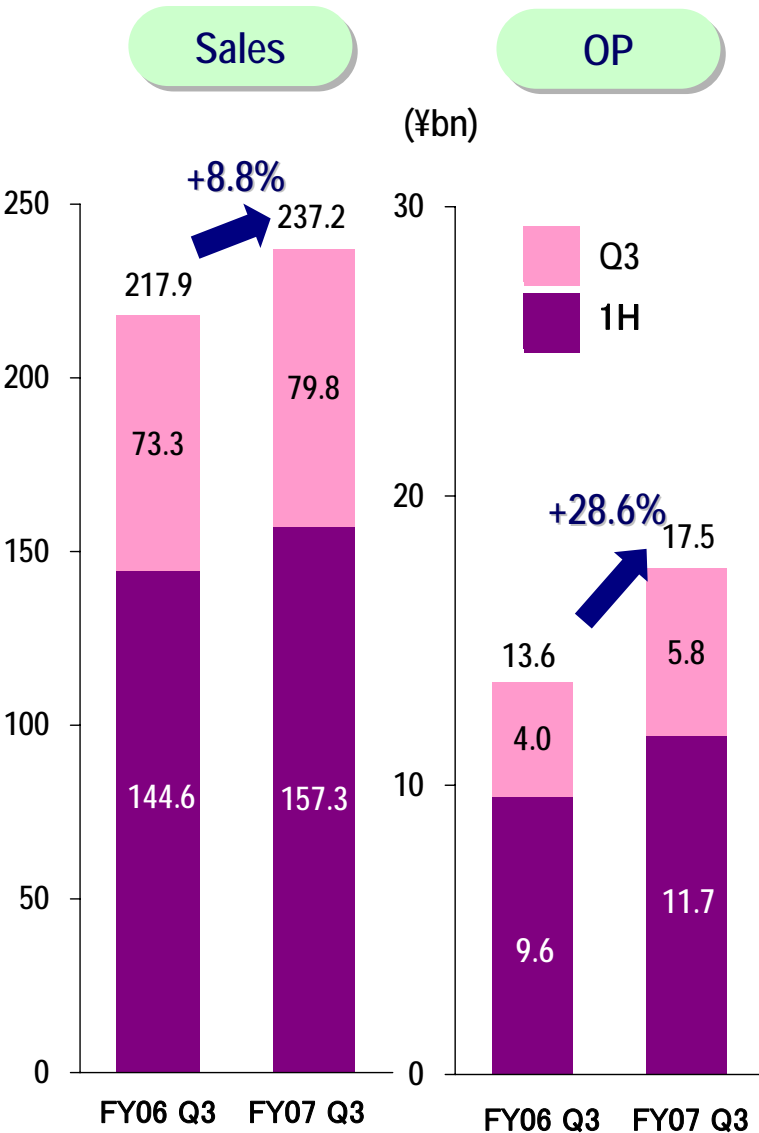
◆ Summary & Actions

◇ Polyester Fibers:

- Overall: Raw materials prices and fuel costs rose
- Japan:
  - Teijin Fibers struggled against rising raw materials prices and fuel costs in the 3Q
  - Actively promoted further sales price revisions
- SE Asia:
  - Improved product quality and took determined steps to cut costs
  - Promoted shift to high-profitability businesses

◇ High Performance Fibers:

- Aramid fibers: Demand steady, sales expanded favorably
  - Construction of new production facilities for *Twaron* proceeded in the Netherlands
- Carbon fibers: Demand continued to expand
  - Construction of large-scale line in Japan proceeded
  - Decided to further expand production facilities in Germany



② Films & Plastics: Increase in sales, decline in OP

◆ Operating Results

- ◇ Films: Sales and OP down
- ◇ Plastics: Sales up, OP down

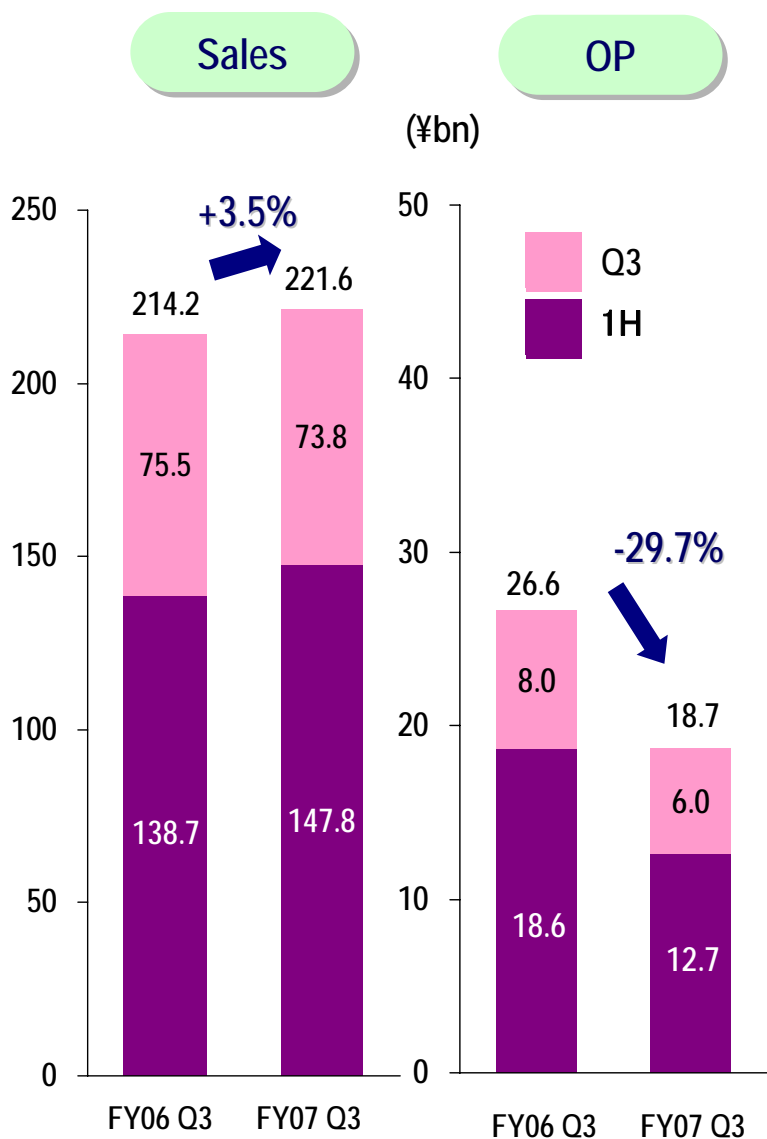
◆ Summary & Actions

◇ Films:

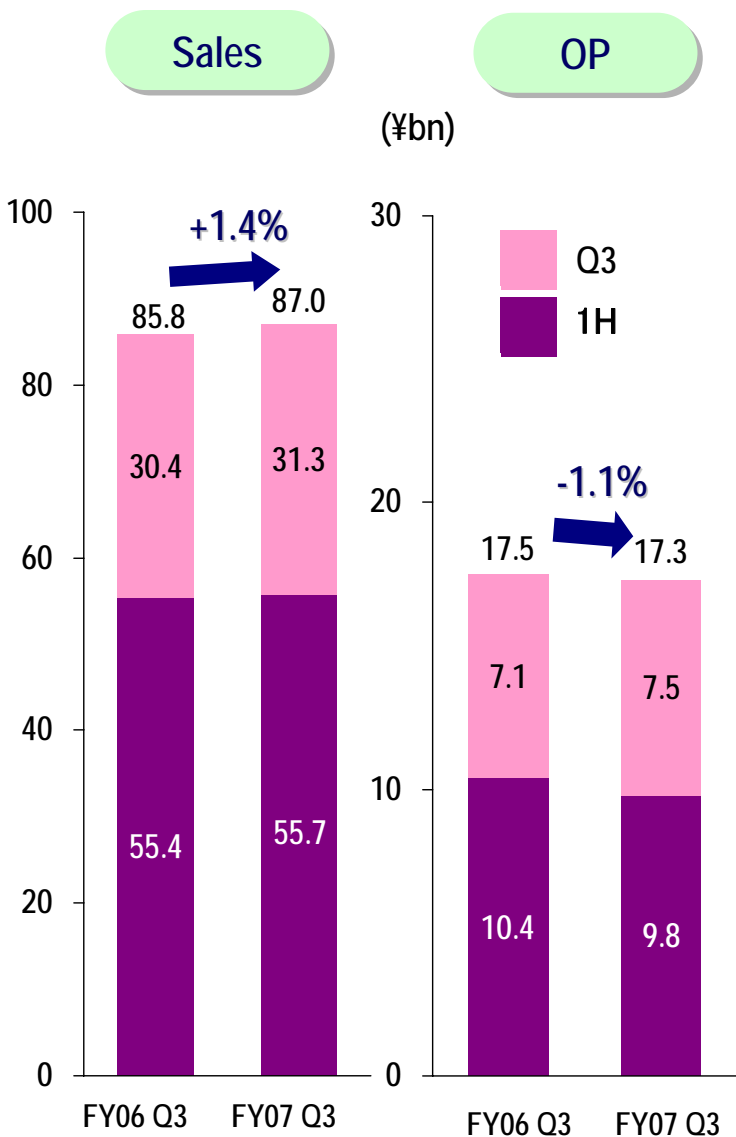
- PET film (Japan): • Sales for FPD-related applications were firm
- PET film (USA): • OP declined substantially owing to sluggish demand and rising raw materials prices and fuel costs
  - Continued to rationalize operations
- PEN film: • Demand firm for use in high-density data backup tapes

◇ Plastics:

- Polycarbonate resin
  - Shipments up, primarily for OA and electrical and electronics equipment
  - Results were squeezed by further increases in prices for BPA
  - Took steps to improve product mix and implemented determined cost-cutting measures
  - Completed third-phase of project to expand capacity of compounding plant in Shanghai
  - Reinforced advance into markets for downstream products



③ Pharma. & H.H.C.: Sales up, OP flat



◆ Operating Results

◇ Pharma. & H.H.C.: Results favorable in both Pharmaceuticals and H.H.C. businesses; progress steady in R&D

◆ Summary & Actions

◇ Pharmaceuticals:

- Sales:
  - Sales of *Bonalon* 35 mg tablet, a once-weekly formulation of *Bonalon*, and *Alvesco* rose favorably
- R&D: Six drug candidates proceeded to new phases of clinical trials
  - Enhanced pipeline for drugs for treating cardiovascular & metabolic disease and respiratory disease
    - Began phase I clinical trials for NTC-801<sup>\*1</sup>
    - Began phase II clinical trials for TPC-806<sup>\*2</sup>
  - Reinforced pipeline for osteoporosis drugs
    - Began phase II trials for *Bonalon* injection
    - Began phase I clinical trials for new osteoporosis treatment<sup>\*3</sup>

◇ H.H.C.

- HOT: Rental volume of ultracompact *Hi-Sanso* 2U favorable
- Rental volume of CPAP and SAFHS equipment also favorable

<sup>\*1</sup> Atrial fibrillation & flutter agent; <sup>\*2</sup> Treatment for cardiac disease; <sup>\*3</sup> Licensed in from Beaufour Ipsen S.A. (France)

④ Trading & Retail: Sales flat, OP up

◆ Operating Results

◇ Textiles & Apparel, Industrial Textiles & Materials:  
Sales and OP essentially level

◆ Summary & Actions

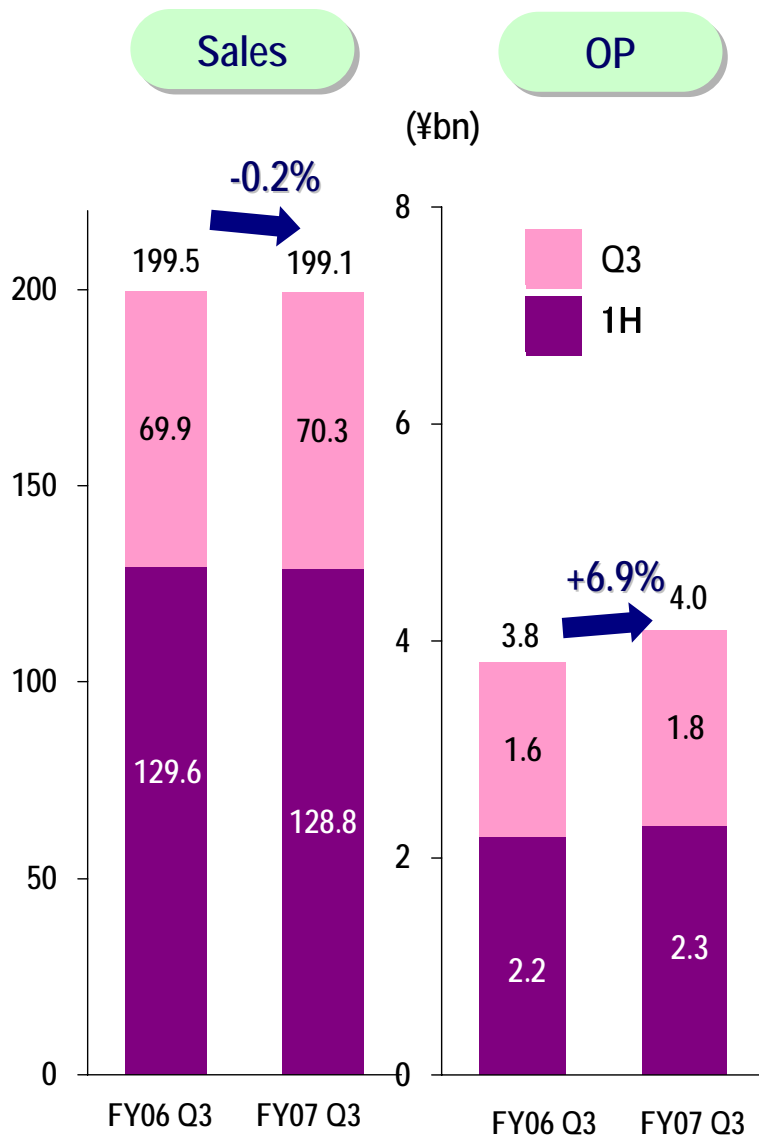
◇ Trading & Retail:

➤ Textiles & Apparel

- OEM apparel business: Struggled owing to rising production and distribution costs in the PRC

➤ Industrial textiles & Materials

- Sales of high-performance rubber reinforcements used by the automobile industry were brisk
- Also recorded robust sales of high-performance fibers for bag filters and other environmental applications
- Market for household products remained sluggish, a consequence of Japan's revised Building Standard Law



⑤ IT & New Products, etc.: Sales and OP down

◆ Operating Results

◇ IT: Sales and OP down

◆ Summary & Actions

◇ IT:

➤ IT solutions:

- Orders for *GRANDIT* were firm
- OP declined as an increase in software development requests pushed up costs

➤ Services:

- Sales in mobile phone content distribution services were firm
- Implemented measures to expand scale of business, including seeking tie-ups and collaborating with other companies

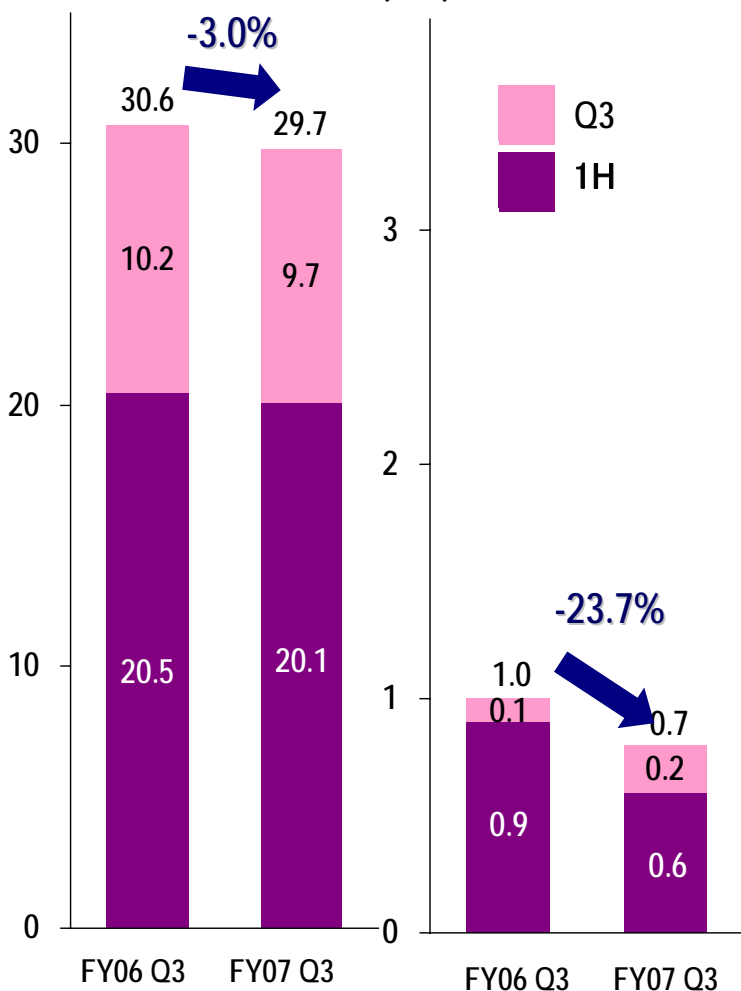
◇ New Products, etc.:

- R&D proceeded in line with three key themes: Highly thermally conductive materials, bioplastics and high-performance electronics materials
- Bioplastics: Invested in NatureWorks LLC
- High-performance electronics materials: Proceeded with market development efforts for LIB separator
- Wastewater treatment business: Continued cultivating markets

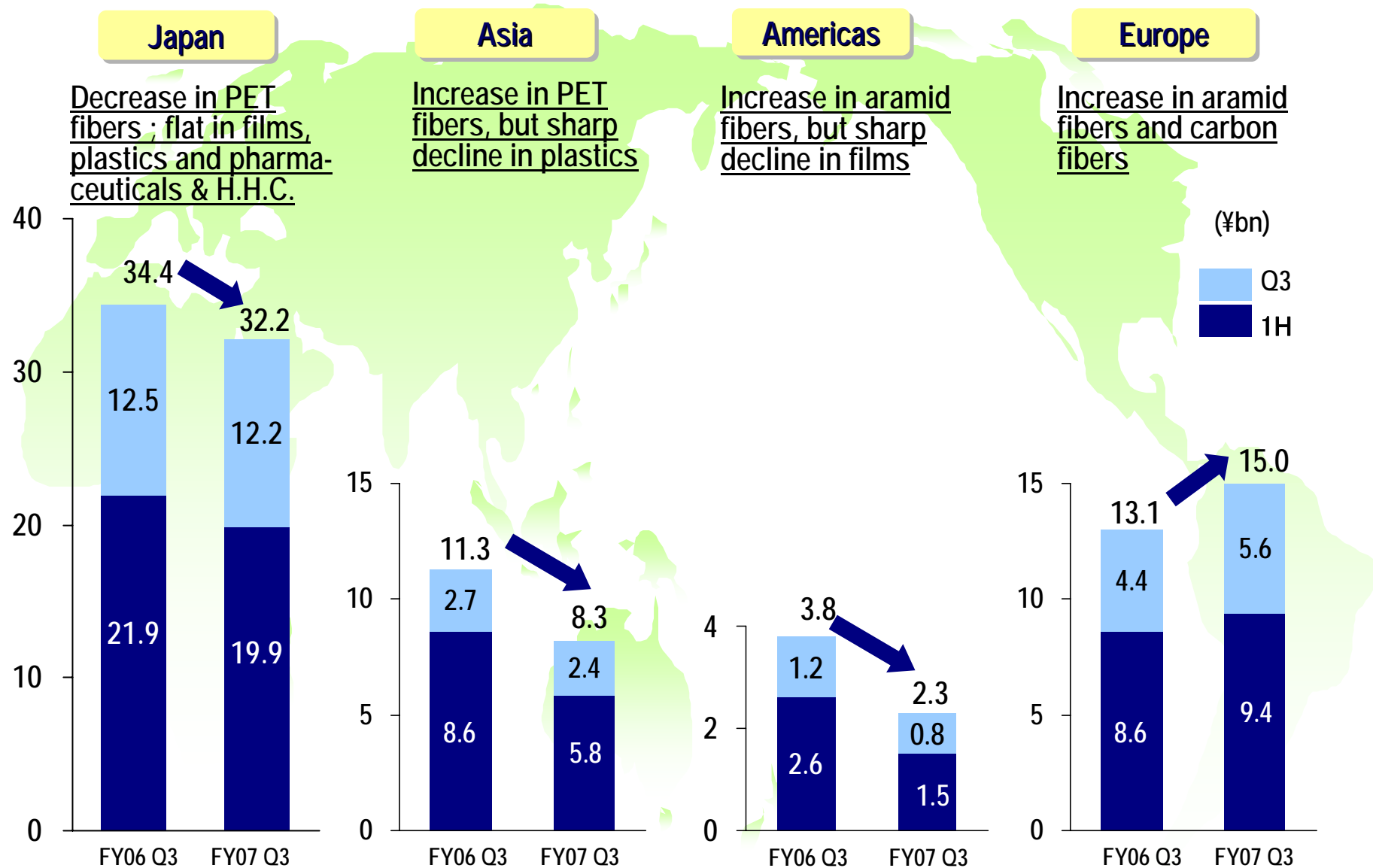
Sales

OP

(¥bn)

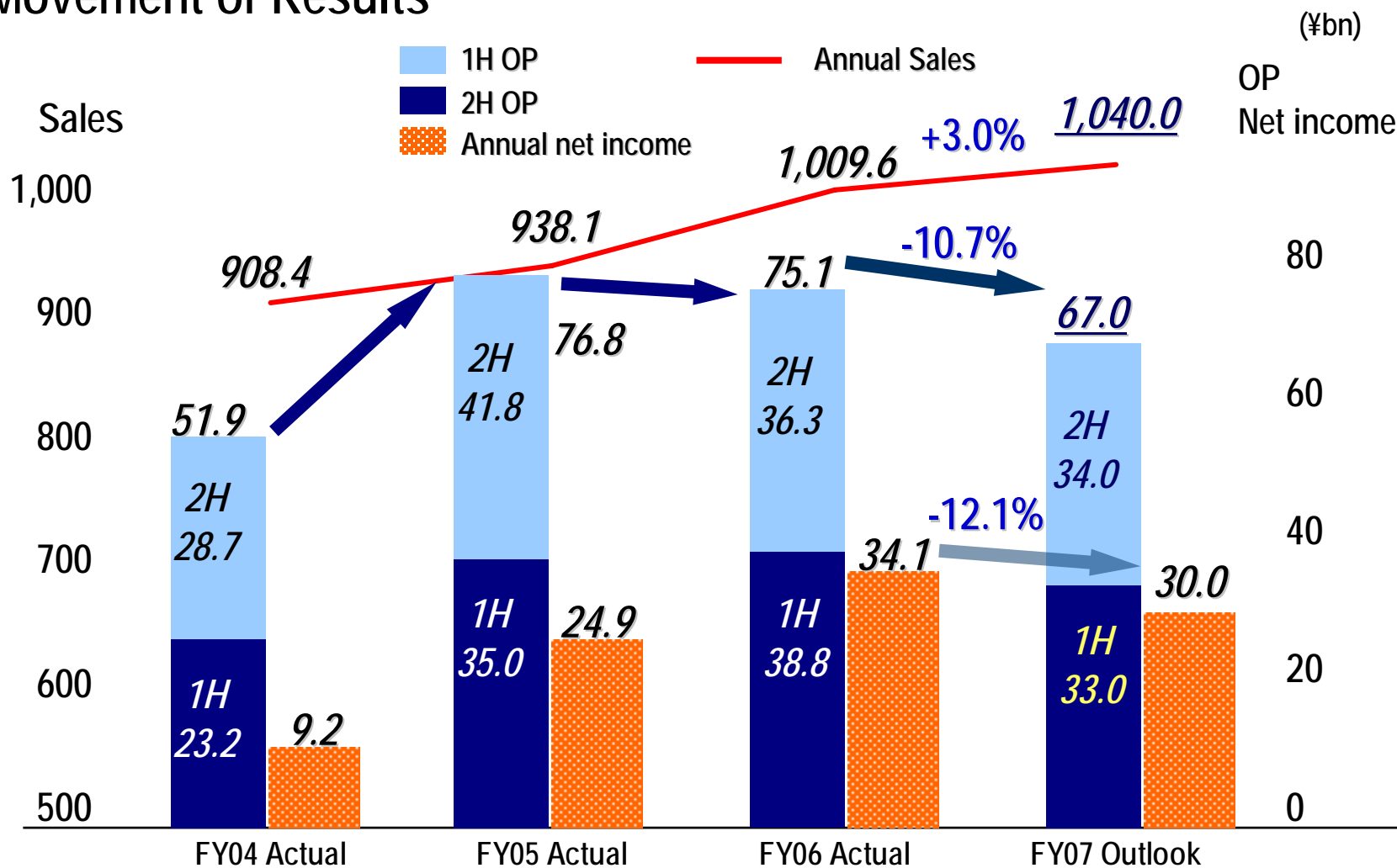


### (3) Changes in Operating Income by Geographical Segment





## (1) Movement of Results



	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Outlook
ROA(%)	5.9	8.5	7.7	6.6
ROE(%)	3.1	7.9	9.7	7.5
Operating margin (%)	5.7	8.2	7.4	6.4
D/E ratio	0.95	0.88	0.81	Less than 0.8 times

Note: ROA = OP / Total assets

## (2) Summary of Outlook for FY07

	FY06 Actual	FY07 Revised Outlook	Diff.		FY07 Previous Outlook*	Comparison with Previous Outlook (Amount)
			Amount	%		
(¥bn)						
Net sales	1,009.6	1,040.0	+30.4	+3.0%	1,060.0	-20.0
Operating income	75.1	67.0	-8.1	-10.7%	72.0	-5.0
Operating margin	7.4%	6.4%	-	-1.0%	6.8%	-0.4%
Ordinary income	60.5	55.0	-5.5	-9.1%	61.0	-6.0
Net income	34.1	30.0	-4.1	-12.1%	30.0	-

EBITDA	129.1	130.0	+0.9
CAPEX	75.7	89.0	+13.3
Depreciation & amortization	54.0	63.0	+9.0
R&D expenses	35.1	37.0	+1.9

Note: EBITDA = (Operating income + Depreciation & amortization)

	Dec 31, 2007	Mar 31, 2008	Diff.
Total assets	1,062.9	1,030.0	-32.9
Interest-bearing debt	354.0	310.0	-44.0

Comparison with FY06

- OP expected to increase for synthetic fibers, but decrease for films and plastics
- This and impairment loss are expected to push net income down
- CAPEX and R&D investment will increase, especially in growth SBUs

Comparison with previous outlook

- Decline in sales and OP for synthetic fibers, films and plastics
- Decline in sales in Trading and Retail segment, OP flat
- Net income flat thanks to proceeds from sales of investment securities, etc

• Previous outlook released on October 31, 2007 13

## (3) Outlook by Segment

	Net sales			Operating income			Operating margin	
	FY06 Actual	FY07 Outlook	Diff.	FY06 Actual	FY07 Outlook	Diff.	FY06 Actual	FY07 Outlook
(¥bn)								
Synthetic Fibers	293.3	315.0	+21.7	17.3	25.5	+8.2	5.9%	8.1%
Films & Plastics	287.9	295.0	+7.1	33.9	21.0	-12.9	11.8%	7.1%
Pharma. & H.H.C.	113.1	115.0	+1.9	21.2	21.0	-0.2	18.7%	18.3%
Trading & Retail	266.5	265.0	-1.5	5.4	5.5	+0.1	2.0%	2.1%
IT & New Products, etc.	48.8	50.0	+1.2	4.3	3.0	-1.3	8.8%	6.0%
Elimination & Corporate	-	-	-	-7.1	-9.0	-1.9	-	-
Total	1,009.6	1,040.0	+30.4	75.1	67.0	-8.1	7.4%	6.4%

## (4) Comparison with Previous Outlook for FY07

(¥bn)	FY07 Previous Outlook*	FY07 Revised Outlook	Diff.
Net sales	1,060.0	1,040.0	-20.0
OP	72.0	67.0	-5.0
Ordinary income	61.0	55.0	-6.0
Net income	30.0	30.0	-

◆ Net Sales

## ➤ Trading &amp; Retail:

- Scaling back low-margin OEM business
- Household products sales sluggish, owing to decline in housing starts

◆ OP

## ➤ Synthetic Fibers:

- Polyester Fibers: Feeling the impact of rising raw materials prices and fuel costs

## ➤ Films &amp; Plastics:

- Films: Demand sluggish in US market
- Plastics: Polycarbonate resin feeling the impact of intensifying sales competition

(¥bn)	Previous Outlook*	Revised Outlook	Diff.
Synthetic Fibers	320.0	315.0	-5.0
Films & Plastics	300.0	295.0	-5.0
Pharma. & H.H.C.	115.0	115.0	-
Trading & Retail	275.0	265.0	-10.0
IT & New Products, etc.	50.0	50.0	-
Net sales	1,060.0	1,040.0	-20.0
Synthetic Fibers	28.0	25.5	-2.5
Films & Plastics	23.0	21.0	-2.0
Pharma. & H.H.C.	21.0	21.0	-
Trading & Retail	6.0	5.5	-0.5
IT & New Products, etc.	3.0	3.0	-
Elimination & Corporate	-9.0	-9.0	-
OP	72.0	67.0	-5.0

## (5) Financial Highlights

	FY03 Actual	FY04 Actual	FY05 Actual	FY06 Actual	FY07 Outlook
ROA <sup>*1</sup>	4.0%	5.9%	8.5%	7.7%	6.6%
ROE <sup>*2</sup>	3.0%	3.1%	7.9%	9.7%	7.5%
Operating margin	4.4%	5.7%	8.2%	7.4%	6.4%
D/E ratio	1.21	0.95	0.88	0.81	Less than 0.8 times
Shareholders' equity ratio <sup>*3</sup>	32.1%	34.1%	35.9%	36.7%	41%
Total asset turnover	0.90	1.03	1.04	1.04	1.02
Earnings per share (¥)	9.0	9.7	26.6	36.8	31.3
Dividends per share (¥)	6.5	6.5	7.5	10.0	10.0
Total assets (¥bn)	914.5	852.0	944.0	999.9	1,030.0
Interest-bearing debt (¥bn)	356.7	277.0	298.3	295.5	310.0
EBITDA (¥bn) <sup>*4</sup>	91.5	104.2	127.1	129.1	130.0

\*1. ROA= Operating income/Total assets

\*2 ROE= Net income/Shareholders' equity

\*3. Figures prior to FY06 are calculated using total shareholders' equity as defined under previous accounting standard

\*4. EBITDA = Operating income + Depreciation & amortization

## Disclaimer Regarding Forward-Looking Statements and Business Risks

### Disclaimer

Any statements in this document, other than those of historical fact, are forward-looking statements about the future performance of Teijin and its Group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.

### Business Risks

Potential risks and uncertainties include but are not limited to, the following:

#### (1) Market-related risk

The Teijin Group manufactures and sells products, the sales of which may be affected by market conditions and competition with other companies, and price fluctuations arising thereof, and by fluctuations in raw materials prices and fuel costs, as well as by such market factors as fluctuations in foreign exchange and interest rates.

#### (2) Product quality risk

The pharmaceuticals business involves products that may affect the lives of users. Accordingly, quality issues have the potential to negatively affect, among others, the Group's operating result and public reputation.

#### (3) R&D-related risk in the pharmaceuticals business

R&D in the pharmaceuticals business is characterized by significant investments of funds and time, and there is a high risk that researchers will fail to discover a promising drug. There is also a risk that a new drug candidate may not receive regulatory approval as a result of the examination process that follows application for regulatory approval, or that approval may subsequently be rescinded.

This material is based on the announcement of consolidated results of FY07 Q3 at 11:30 A.M. on Jan 31, 2008. (Japanese local time)

All product names in this document are registered trademarks.

## ◆ Consolidated Statements of Income for FY07 Q1-Q3

	FY06		FY07		Diff.	
	Amount	% of total	Amount	% of total	Amount	%
(¥bn)						
Net Sales	748.0	100.0%	774.6	100.0%	+26.6	+3.6%
Cost of sales	555.5	74.3%	580.5	74.9%	+25.0	+4.5%
Gross profit	192.5	25.7%	194.0	25.1%	+1.5	+0.8%
SG & A	134.7	18.0%	142.0	18.3%	+7.3	+5.4%
Operating income	57.8	7.7%	52.0	6.7%	-5.8	-10.0%
Nonoperating items (net)	-8.3	-	-8.0	-	+0.2	-
( Balance of financial expenses)	-5.6	-	-6.6	-	-1.0	-
(Equity on gains and losses of unconsolidated subsidiaries and affiliates)	-1.2	-	0.1	-	+1.3	-
Ordinary income	49.5	6.6%	44.0	5.7%	-5.6	-11.2%
Extraordinary items(net)	1.5	-	-3.8	-	-5.3	-
Income before income taxes	51.0	6.8%	40.2	5.2%	-10.9	-21.3%
Income taxes	16.6	-	16.0	-	-0.5	-
Minority interest (net)	-2.3	-	-0.9	-	+1.4	-
Net income	32.2	4.3%	23.2	3.0%	-8.9	-27.8%

Note: For more information, see the Financial Statements Summary for the nine months ended December 31, 2007.

◆ Consolidated Balance Sheets

(¥bn)	Mar 31, 2007	Dec 31, 2007	Diff.
Total assets	999.9	1,062.9	+63.0
Current assets	417.4	461.0	+43.6
Tangible assets	379.6	387.3	+7.7
Intangible assets	53.8	79.0	+25.3
Investments and other assets	149.1	135.5	-13.6

Total liabilities and net assets	999.9	1,062.9	+63.0
Total liabilities	592.2	621.5	+29.3
Current liabilities	426.7	453.6	+26.9
Noncurrent liabilities	165.4	167.9	+2.4
Total net assets	407.7	441.4	+33.7

Note: For more information, see the Financial Statements Summary for the nine months ended December 31, 2007.

## ◆ Nonoperating items for FY07 Q1-Q3

(¥bn)	FY06	FY07	Diff.
Foreign exchange gain	1.0	1.1	+0.1
Balance of financial expenses	-5.6	-6.6	-1.0
Equity on gains and losses of unconsolidated subsidiaries and affiliates	-1.2	0.1	+1.3
Others	-2.4	-2.6	-0.2
<b>Total</b>	<b>-8.3</b>	<b>-8.0</b>	<b>+0.2</b>

## ◆ Extraordinary items for FY07 Q1-Q3

	FY06	FY07	Diff.
Gain on sales of property, plant and equipment	7.6	1.1	-6.4
Gain on sales of investment securities	0.1	5.4	+5.3
Others	0.4	0.3	-0.1
<b>Extraordinary income total</b>	<b>8.0</b>	<b>6.8</b>	<b>-1.2</b>
Loss on sales and disposal of property, plant and equipment	1.2	1.2	-0.1
Restructuring costs	1.8	-	-1.8
Special factory operating loss	0.9	2.3	+1.3
Loss on impairment	0.3	4.8	+4.5
Environmental Protection cost	0.2	0.8	+0.7
Others	2.2	1.5	-0.7
<b>Extraordinary losses total</b>	<b>6.5</b>	<b>10.6</b>	<b>+4.1</b>
<b>Extraordinary items total</b>	<b>1.5</b>	<b>-3.8</b>	<b>-5.3</b>

## ◆ Operating results for FY07 Q3

(¥bn)	FY06	FY07	Diff.	
			Amount	%
Net sales	259.2	264.9	+5.7	+2.2%
Operating income	19.0	19.0	-0.0	-0.2%
[Operating income ratio]	7.3%	7.2%	-	-0.2%
Non-operating items	-3.4	-2.3	+1.1	-
Ordinary income	15.6	16.7	+1.1	+6.8%
Extraordinary items	5.4	3.4	-2.0	-37.0%
Net income	13.0	12.3	-0.6	-4.9%
EPS (¥)	13.98	12.53	-1.45	-

EBITDA	32.8	35.7	+2.9
CAPEX	16.5	17.6	+1.1
Depreciation & amortization	13.8	16.7	+3.0
R&D expenses	8.2	9.1	+1.0

Note: EBITDA= (Operating income + Depreciation & amortization)

## ◆ Financial Position

(¥bn)	Sep 30	Dec 31	Diff.
Total assets	1,071.9	1,062.9	-9.0
Shareholders' equity	415.3	409.2	-6.1
Interest-bearing debt	333.1	354.0	+20.9

Equity ratio	38.7%	38.5%	-0.2%
BPS(¥)	421.83	415.78	-6.05

## ◆ Cash Flow for FY07 Q3

(¥bn)	Operating activities	Investing activities	FCF	Financing activities, etc.	Cash & cash equivalents
FY07	-10.3	-9.6	-19.8	21.8	2.0
FY06	7.1	-24.8	-17.7	19.9	2.2

### ◆ Operating Results by Segment for FY07 Q3 (vs. FY06 Q3)

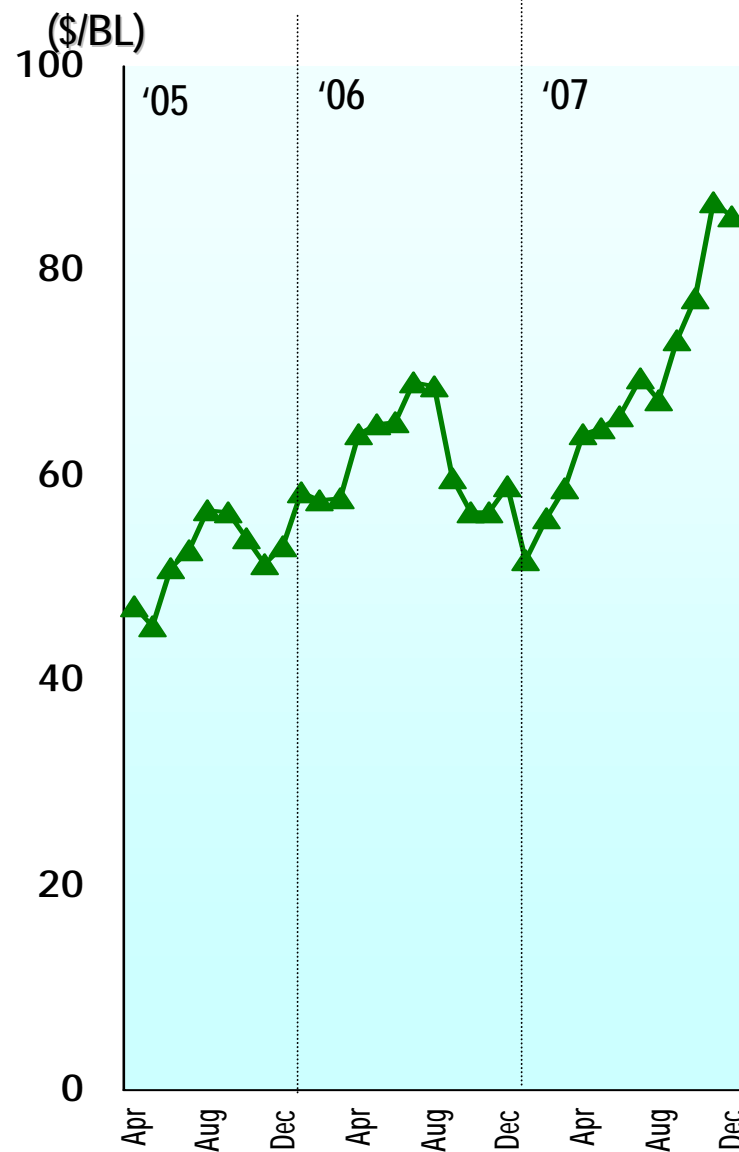
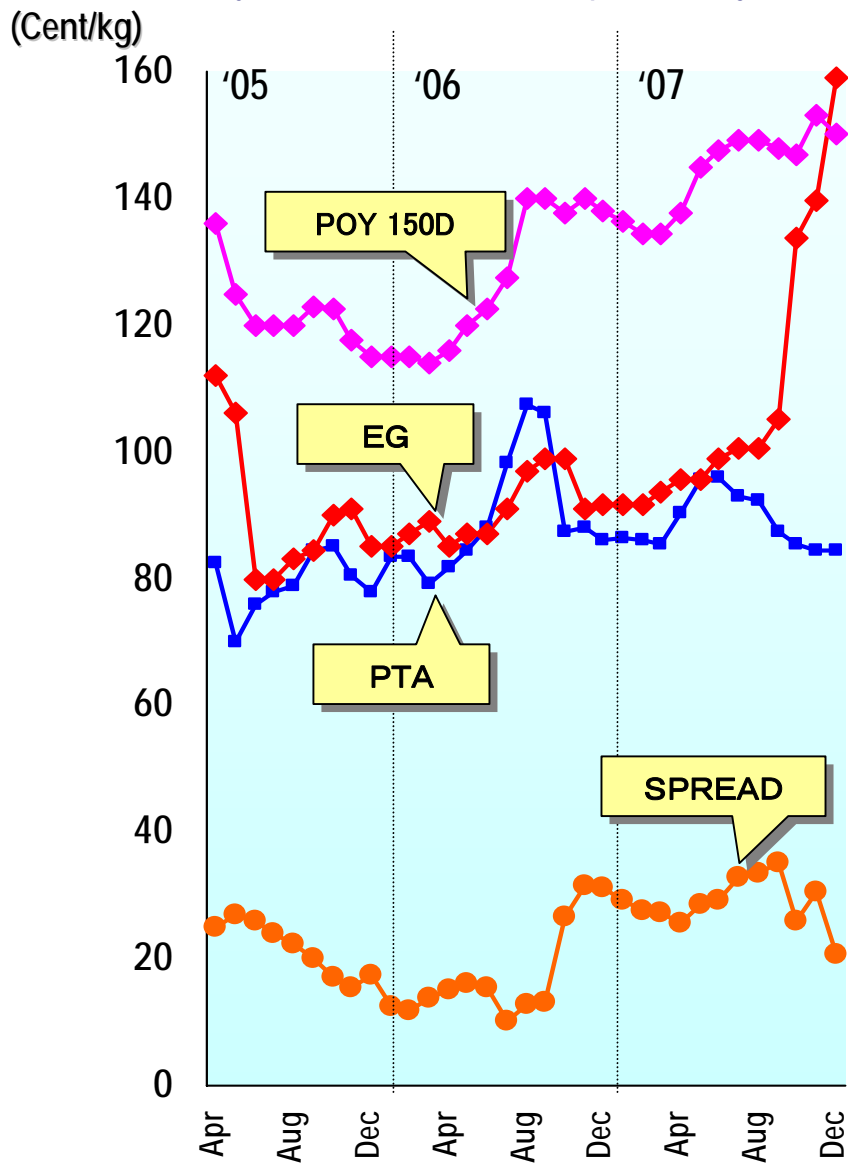
(¥bn)	Net sales				Operating income			
	FY06	FY07	Diff.	%	FY06	FY07	Diff.	%
Synthetic Fibers	73.3	79.8	+6.6	+8.9%	4.0	5.8	+1.8	+44.0%
Films & Plastics	75.5	73.8	-1.6	-2.2%	8.0	6.0	-1.9	-24.2%
Pharma. & H.H.C.	30.4	31.3	+0.9	+2.8%	7.1	7.5	+0.5	+6.4%
Trading & Retail	69.9	70.3	+0.4	+0.6%	1.6	1.8	+0.2	+11.4%
IT & New Products, etc.	10.2	9.7	-0.5	-5.2%	0.1	0.2	+0.1	+235.1%
Elimination & Corporate	-	-	-	-	-1.7	-2.3	-0.6	-
Total	259.2	264.9	+5.7	+2.2%	19.0	19.0	-0.0	-0.2%

◆ Changes in Semiannual Operating Income for FY06-07

(¥bn)	FY06					FY07				
	1H	2 H		Annual Total	1 H	2 H		Annual Total		
		Q3	Q4			Q3	Q4 outlook			
Synthetic Fibers	9.6	4.0	3.7	7.7	17.3	11.7	5.8	8.0	13.8	25.5
Films & Plastics	18.6	8.0	7.3	15.3	33.9	12.7	6.0	2.3	8.3	21.0
Pharma. & H.H.C.	10.4	7.1	3.7	10.8	21.2	9.8	7.5	3.7	11.2	21.0
Trading & Retail	2.2	1.6	1.6	3.2	5.4	2.3	1.8	1.5	3.2	5.5
IT & New Products, etc.	0.9	0.1	3.3	3.4	4.3	0.6	0.2	2.3	2.4	3.0
Elimination & Corporate	-3.0	-1.7	-2.4	-4.1	-7.1	-4.0	-2.3	-2.7	-5.0	-9.0
Total	38.8	19.0	17.3	36.3	75.1	33.0	19.0	15.0	34.0	67.0

### ◆ Polyester Fibers Prices, Raw Materials Prices and Dubai Crude Oil Price

【Source: Teijin estimates based on data published by PCI】



## ◆ Progress of CAPEX in Materials Businesses

## ◇ Expansion of production facilities: Projects completed in FY06

	Aim of project	Date of completion	Location	Increase in capacity
Para-aramid fibers ( <i>Twaron</i> )	Increase polymerization and spinning capacity	2006 mid-year to year-end (gradual)	Netherlands (Arnhem)	Approx. 20%
Carbon fibers ( <i>Tenax</i> )	Increase production capacity	September 2006	Germany (Wuppertal)	1,500 tons/yr
Polycarbonate resin ( <i>Panlite</i> )	Increase resin production capacity	December 2006	China (Zhejiang)	50,000 tons/yr
PET film	Increase capacity for thick PET film for FPDs	October 2006	Japan (Gifu)	10,000 tons/yr
Polycarbonate resin ( <i>Panlite</i> ) Sheet	Increase capacity for <i>Panlite</i> sheet for large scale LCD backlight diffusion plates	March 2007	Japan (Matsuyama)	4,000 tons/yr

## ◇ Expansion of production facilities: Projects completed in FY07

	Aim of project	Date of completion	Location	Increase in capacity
Polycarbonate resin ( <i>Panlite</i> ) ( <i>Multilon</i> )	Increase compounding capacity	December 2007	China (Shanghai)	20,000 tons/yr

## ◇ Expansion of production facilities: Projects slated for launch in the next few years

	Aim of project	Date of completion	Location	Increase in capacity
Para-aramid fibers ( <i>Twaron</i> )	Increase polymerization and spinning capacity	2008 mid-year onward (gradual)	Netherlands (Arnhem)	Approx. 15%
Carbon fibers ( <i>Tenax</i> )	Increase production capacity	April 2008	Japan (Mishima)	2,700 tons/yr
		August 2009	Germany (Wuppertal)	1,700 tons/yr
Polycarbonate resin ( <i>Panlite</i> )	Increase resin production capacity	2009 or later	China (Zhejiang)	60,000 tons/yr

◆ Sales of Principal Pharmaceuticals

	Indication	FY05		FY06		FY07		% Diff.	
		Q3	Total	Q3	Total	Q3	Total	Q3	Total
<i>Onealfa</i>	Osteoporosis	3.5	9.7	3.4	9.2	3.5	9.5	+2.2%	+3.8%
<i>Bonalon</i>	Osteoporosis	3.5	9.5	3.7	10.6	5.7	14.0	+52.0%	+32.3%
Osteoporosis Total		7.0	19.1	7.1	19.8	9.2	23.6	+28.3%	+19.0%
<i>Mucosolvan</i>	Expectorant	3.7	9.2	3.5	8.8	3.5	8.6	-0.4%	-2.3%
<i>Venilon</i>	Severe infection	2.7	7.4	2.8	7.6	2.4	7.1	-13.2%	-7.4%
<i>Laxoberon</i>	Laxatives	1.4	3.8	1.4	3.7	1.4	3.7	-1.2%	-0.6%

◆ Development Status by Therapeutic Area

(As of Dec 31, 2007)

Area	Phase of Clinical Trials				
	Phase I	Phase II	Phase III	Filed	Approved/New Launch
Bone and joint disease	ITM-058 *1	GTH-42V *2			GTH-42W [Bonalon® 35mg tablet]
Respiratory disease	BTR-15K (New indication: asthma in children)	TBN-15			BTR-15 [Alvesco®]
Cardio-vascular and metabolic disease	LTC-203 ITM-077 TPI-526 (Overseas) NTC-801	ITM-014 TPC-806		TMX-67 (Under additional clinical trials )	
Other	TMA-15 (Domestic)	TMA-15 (Overseas)	GGs Venilon® (New indication for multiple sclerosis) GGs Venilon® (New indication for Churg- Strauss Syndrome)	TV-02HS [Bonalfa® High Lotion] (New indication: Lifting of restrictions on use in treatment of nonintractable diseases)	TV-02HS [Bonalfa® High Lotion] (New formulation) TV-02H [Bonalfa® Ointment] (New indication: Lifting of restrictions on use in treatment of nonintractable diseases)

\*1 ITM-058 entered Phase I clinical trials in December 2007.

\*2 GTH-42V entered Phase II clinical trials in November 2007.

◆ Status of Licensed-in Products in Preclinical Stage

Contract	Company	Description
July 2003	Beaufour Ipsen (France)	Four products under cross-licensing agreements: ITM-014 , ITM-077 and ITM-058 are under clinical development, with the remaining one in preparatory stages
April 2005	Glenmark Pharmaceuticals	Licensing agreement for clinical stage for COPD and asthma agent

◆ Development Status of New Pharmaceuticals

【Filed】

(As of Dec 31, 2007)

Code No. (Generic Name)	Target Disease	Medicinal Properties/ Characteristics	Dosage Form	Remarks
TMX-67 (Febuxostat)	Gout and hyperuricemia	XOD inhibitor	Oral	Developed in-house, preparing for reapplication in Japan
TV-02HS(Tacalcitol)	Psoriasis*	Active vitamin D3	External use	Developed in-house, <i>Bonalfa</i> High Lotion

\*Lifting of restrictions on use in treatment of nonintractable diseases.

## 【Phase III】

Code No. (Generic Name)	Target Disease	Medicinal Properties/ Characteristics	Dosage Form	Remarks
GGs (Freeze-Dried Sulfonated Human Normal Immunoglobulin)	Churg–Strauss Syndrome	Human immunoglobulin	Injection	Joint development with Kaketsuken (new indication)
GGs (Freeze-Dried Sulfonated Human Normal Immunoglobulin)	Multiple Sclerosis	Human immunoglobulin	Injection	Joint development with Kaketsuken (new indication)

## 【Phase II】

Code No. (Generic Name)	Target Disease	Medicinal Properties/ Characteristics	Dosage Form	Remarks
TBN-15 (Ciclesonide)	Allergic rhinitis	Nasal steroid	Rhinen- chysis	Licensed-in from Nycomed Group (Switzerland)
TMA-15 (Urtioxazumab)* <sup>1</sup>	STEC (O-157) infection	Humanized monoclonal antibody	Injection	Developed in-house
ITM-014 (Lanreotide acetate)	Acromegaly	Sustained-release formulation of somatostatin analogue	Injection	Licensed-in from Beaufour Ipsen (France)
TPC-806	Cardiac disease	Chymase inhibitor	Oral	Developed in-house
GTH-42V	Osteoporosis	Alendronate	Injection	Licensed-in from Merck (US)

\*1 Phase II clinical trials are underway overseas for TMA-15.

## 【Phase I】

Code No. (Generic Name)	Target Disease	Medicinal Properties/ Characteristics	Dosage Form	Remarks
LTC-203 (Drotrecogin Alfa [activated])	Severe sepsis	Recombinant-activated protein C	Injection	Joint development with Eli Lilly (Japan), licensed-in from Eli Lilly (US)
ITM-077 <sup>*2</sup>	Type II Diabetes	Human glucagon-like peptide 1 analog	Injection	Licensed-in from Beaufour Ipsen (France)
TPI-526 <sup>*3</sup>	Inflammatory diseases	MCP-1 receptor antagonist	Oral	Developed in-house
BTR-15K (Ciclesonide)	Asthma	Inhaled steroid	Inhaled	Licensed-in from Nycomed Group (Switzerland) (New indication: asthma in children)
TMA-15 (Urtoxazumab) <sup>*4</sup>	STEC (O-157) infection	Human monoclonal antibody	Injection	Developed in-house
NTC-801	Atrial fibrillation and flutter	Selective anti-arrhythmia agent	Oral	Joint development with Nissan Chemical Industries, Ltd
ITM-058	Osteoporosis	Human PTHrP analog	Injection	Licensed in from Beaufour Ipsen (France)

\*2 In August 2007, Teijin concluded a joint development agreement for ITM-077 with Chugai Pharmaceuticals Co., Ltd

\*3 Clinical trials are underway overseas for TPI-526.

\*4 Phase I clinical trials have begun in Japan for TMA-15.

## ◆ Accounting for Impairment Loss in Films Business

### ➤ Worsening Performance of European and U.S. Films Business

Since 2000, Teijin's films business has encompassed the operations of its global films joint ventures with E.I. Du Pont de Nemours and Company (DuPont), which have operations in six countries. Recently, increasing raw materials prices and fuel costs, coupled with adverse changes in market conditions, have prompted a sharp downturn in the performance of joint ventures in Europe and the United States. The European joint venture has responded with a variety of measures that have contributed to an improvement in profits. However, no sign of improvement has been seen in the performance of the U.S. joint venture.

### ➤ Announcement of Impairment Loss by DuPont (Partner in Films Joint Ventures)

As one of two parent companies, joint venture partner DuPont decided at its own discretion, after consultation with its independent public accountants—and in line with generally accepted accounting principles in the United States—to record a charge of \$135 million, after tax, to adjust the carrying value of its investment in the European and U.S. joint ventures. DuPont announced this charge on January 9, 2008 (local time).

### ➤ Teijin's Impairment Loss in Films Joint Ventures Yet to be Determined

Judging from the severity of current market conditions for its European and U.S. films business, Teijin recognizes that impairment will likely be indicated. As of this point in time, however, given that the European and U.S. films joint ventures are still mapping out their future business plans, Teijin has yet to determine the amount of its impairment loss.

### ➤ Accounting for Teijin's Impairment Loss

If impairment of the European and U.S. films joint ventures' assets is indicated after the joint ventures have completed their future business plans and before Teijin finalizes its accounts for the current fiscal year (fiscal 2007), Teijin will determine the amount of its impairment loss and record a commensurate charge. An estimate of this charge is not reflected in Teijin's outlook for fiscal 2007.