TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the year ended March 31, 2015)
English translation from the original Japanese-language document
(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

May 8, 2015

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(Amounts less than one million yen are omitted)

1. Results of FY2014 (April 1, 2014 through March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income (loss)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2014	786,171	0.2	39,086	116.2	42,378	113.1	(8,086)	—
FY2013	784,424	5.2	18,078	46.3	19,887	103.2	8,356	—

cf. Comprehensive income : 6,033 million yen (FY2013: 13,232 million yen)

	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2014	(8.23)	—	–2.8	5.3	5.0
FY2013	8.50	8.48	3.0	2.6	2.3

*1 E.P.S.: Earnings per share
*2 ROE: Ratio of Net income to Shareholders' equity
*3 ROA: Ratio of Ordinary income to Total assets
cf. Equity on gain and losses of unconsolidated subsidiaries and affiliates: 2,435 million yen (FY2013: 4,181 million yen)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2014	823,694	303,635	34.9	292.09
FY2013	768,411	300,112	36.7	286.62

cf. Shareholders' equity: 287,074 million yen (FY2013: 281,680million yen)

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2014	76,030	(49,624)	10,393	70,561
FY2013	38,586	(47,278)	(7,902)	32,975

2. Dividends

	Dividends per share					Total dividends paid	Payout ratio	Dividend on equity ratio
Period	1Q	2Q	3Q	4Q	Annual	(Annual)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2013	–	2.00	–	2.00	4.00	3,931	47.0	1.4
FY2014	–	2.00	–	2.00	4.00	3,930	–	1.4
FY2015 (Outlook)	–	3.00	–	3.00	6.00		23.6	

3. Forecast for operating results in the year ending March 31, 2016 (Fiscal 2015)

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

	Net sales		Operating income		Ordinary income		Net income		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2015 interim	400,000	6.0	20,000	64.9	21,000	49.6	10,000	–	10.18
FY2015	825,000	4.9	47,500	21.5	47,500	12.1	25,000	–	25.44

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4. Other information

(1) Changes in specific subsidiaries involving changes in the scope of consolidation: Yes
Barred consolidated subsidiaries: 2 (Teijin Chemicals Ltd, TS Aromatics Limited)

(2)Shares issued (common stock)

Shares issued (including treasury stock) at end of term

End of fiscal 2014	984,758,665
End of fiscal 2013	984,758,665

Treasury stock

End of fiscal 2014	1,925,911
End of fiscal 2013	1,995,089

Average shares outstanding during the period

Fiscal 2014	982,749,176
Fiscal 2013	982,860,666

Reference: Individual results of FY2014 (April 1, 2014 through March 31, 2015)

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2014	146,305	–12.8	10,970	236.4	20,837	30.1	(4,776)	–
FY2013	167,711	115.5	3,261	–	16,018	–44.7	17,540	–

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2014	(4.86)	–
FY2013	17.85	17.79

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2014	517,276	237,897	45.8	241.24
FY2013	450,920	234,278	51.8	237.66

cf. Shareholders' equity: 237,095 million yen (FY2013: 233,566 million yen)

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

The global economy was comparatively stable in fiscal 2014, ended March 31, 2015, supported by firm conditions in the United States, although growth in the People's Republic of China (PRC) and a number of emerging economies decelerated visibly. The second half of the period saw significant fluctuations in currency rates and crude oil prices, the impact of which varied in different countries and territories. The Japanese economy slumped following the April 2014 consumption tax hike, and although signs of a rally were seen in the second half of the period the pace of recovery remained sluggish.

Under these conditions, consolidated net sales remained essentially level, edging up ¥1.7 billion, to ¥786.2 billion, as sales were generally favorable in all segments, bolstered by the weak yen, which largely countered the impact of the discontinuation of in-house production and sales of paraxylene. Operating income soared 116.2%, or ¥21.0 billion, to ¥39.1 billion, underpinned by solid results in our materials businesses—specifically, a recovery in the Advanced Fibers and Composites segment and the positive impact of restructuring initiatives, primarily in the Electronics Materials and Performance Polymer Products segment—and by yen depreciation and declining prices for raw materials and fuel. Ordinary income climbed 113.1%, or ¥22.5 billion, to ¥42.4 billion, a result that also reflected foreign exchange gains. Owing to extraordinary losses arising from restructuring and other initiatives, which amounted to ¥47.1 billion, we reported a net loss of ¥8.1 billion, down from net income of ¥8.4 billion in fiscal 2013. Net loss per share was ¥8.23, compared with net income per share of ¥8.50 in the previous fiscal year.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥135.5 billion, while operating income was ¥14.4 billion.

High-Performance Fibers

Demand remained firm for automotive applications and expanded for infrastructure-related applications.

Sales of mainstay *Twaron* para-aramid fibers rose steadily for automotive applications, including for tires in Europe, and for use as reinforcements for optical fibers, cables and hoses for oil drilling and other infrastructure-related applications. Sales for use in ballistic protection products showed signs of recovery, shored up by expanded demand in Asia and the Middle East. The profitability of *Technora* para-aramid fibers improved, reflecting brisk domestic sales for automotive applications and exports for infrastructure-related applications, as well as the weaker yen. Despite rising demand, sales of *Teijinconex* meta-aramid fibers for use in filters were hampered by persistently harsh competition, although sales for use in protective clothing and for industrial applications remained solid. Under these circumstances, we pressed forward with preparations to begin production of *Teijinconex* neo, a new type of meta-aramid fiber offering superior heat resistance and dyeability, in Thailand in July 2015. Motivated by increasingly stringent regulations pertaining to flame-retardant materials and environmental safety, we will continue to focus on expanding this particular business in promising Asian markets and emerging economies.

In polyester fibers, income at our subsidiaries in Thailand rose gradually—notwithstanding flagging sales for automotive applications attributable to a negative rebound in local sales, which were robust in fiscal 2013—thanks to an increase in sales volume for use in personal hygiene and general-purpose products, as well as to falling prices for raw materials and the reduction of costs. In Japan, sales volume for automotive applications slipped amid sagging demand, while sales of products used in bedding were also sluggish. Nonetheless, profitability was buttressed by higher sales for infrastructure- and civil engineering-related applications and for use in reverse osmosis membrane support layers for water treatment applications, as well as by efforts to cut costs. Looking ahead, we will strive to further strengthen our competitiveness by gradually realigning our domestic production configuration and transferring production of certain items to the aforementioned subsidiaries in Thailand.

Carbon Fibers and Composites

Demand for use in aircraft and in pressure vessels advanced, and efforts to realize new technologies were accelerated.

Sales of *TENAX* carbon fibers for use in aircraft remained favorable, as rising demand worldwide for commercial aircraft propelled a sharp increase in orders, prompting an increase in production by aircraft manufacturers. Among other applications, sales for use in pressure vessels remained steady, supported by favorable sales in North America for natural gas storage and in Asia for use in sports and leisure equipment, as did sales for use in reinforcement materials for civil engineering-related applications. Sales of *Pyromex* flame-resistant fibers were stable, supported by higher demand for use in aircraft brake pads. The depreciation of the yen and declines in prices for raw materials and fuel, particularly evident since autumn 2014, also helped boost profitability.

Against this backdrop, in the area of products for aircraft applications *TENAX* thermoplastic consolidated laminate (TPCL) was qualified for use in Airbus S.A.S.' A350 XWB all-new, extra-wide body midsize jetliner and subsequently adopted for use in the A350 XWB family. On another front, we accelerated efforts to realize various new technologies, promoting the development of production technologies for thermosetting carbon fiber-reinforced plastic (CFRP) and of rapid-curing and super-heat-resistant varieties of prepreg.

We also pressed ahead with the development of structural components for mass-produced vehicles made with our innovative thermoplastic CFRP *Sereebo*. To this end, the Teijin Composites Innovation Center, situated within our Matsuyama Plant, which is in Ehime Prefecture, and the Teijin Composites Application Center, located in Metro Detroit, in the United States, are collaborating on multiple projects targeted at developing specific components and establishing mass-production procedures, and are making solid progress on both fronts. Our joint development work with General Motors Company is entering the final stage of preparation for commercialization, and with *Sereebo* now officially registered on General Motors' materials list we have begun looking into the establishment of a new carbon fibers production facility in the United States.

Electronics Materials and Performance Polymer Products

The Electronics Materials and Performance Polymer Products segment reported sales of ¥184.8 billion and operating income of ¥3.4 billion.

Resin and Plastics Processing

Profitability soared, bolstered by a decline in prices for key raw materials and the positive impact of restructuring initiatives.

Full-term results for mainstay polycarbonate resin products rallied, bolstered by falling prices for key raw materials, a consequence of declines in crude oil prices since autumn 2014, and by the positive impact of ongoing restructuring initiatives. Nonetheless, with competition expected to remain harsh over the medium term, owing to a global product glut, we will step up strategic efforts to strengthen our earnings foundation by taking advantage of the halt of production at our plant in Singapore, scheduled for December 2015, to optimize production capacity and shrink fixed costs. Concurrently, we will promote the growth and expansion of our resin business by capitalizing on copolymerized polycarbonate resin, as well as on polyphenylene sulfide (PPS) polymer manufactured using innovative production processes at joint venture INITZ Co., Ltd.'s new production facility, which is scheduled to begin commercial production in autumn 2015, and by developing innovative composite materials that combine these resins with high-performance fibers.

In processed plastics, sales of *ELECLEAR* transparent electroconductive polycarbonate film for use in capacitive touch screens for vehicle navigation systems and of *Panlite Sheet* polycarbonate resin sheet for use in automotive instrument panels and dummy cans for vending machines were firm. During the period, we stepped up efforts to market retardation film that leverages the unique optical properties of polycarbonate for use as antireflective film on wearable devices. We also sought to expand our plastic glazing business, which maximizes our large-scale molding and coating technologies. Among high-performance resins, sales of specialty polycarbonate resin for use in smartphone camera lenses were healthy. In addition to broadening our lineup of specialty polycarbonate resin products that take advantage of our outstanding competitive edge in terms of product quality, we pressed forward with the expansion of applications of polyethylene naphthalate (PEN) resin, a key strategic material.

Films

Sales of products for use in smartphones and other devices were solid, but products for other mainstay applications struggled.

Overall operating conditions remained harsh. In the area of films for use as reflective film for liquid crystal display (LCD) televisions, the emergence of manufacturers from the PRC intensified pricing competition, while demand for PEN film for use in magnetic materials remained sluggish. Nonetheless, sales of *PUREX* release films for manufacturing processes remained firm for use in multilayer ceramic capacitors and polarizers for smartphones and other devices. In this environment, we continued to promote efforts to reduce costs, particularly fixed costs, as a result of which segment operating income was up from the fiscal 2013 level. Going forward, we will proceed with the integration of our domestic production facilities, announced in January 2015, to reinforce our cost competitiveness, as well as with efforts to foster new applications for products, thereby enhancing profitability. To support the further evolution of this business, we will also allocate management resources to the development of non-polyester high-performance films.

Overseas, demand for packaging applications and for use in solar cells, among others, flagged in the Americas and Europe. Nonetheless, we sought to maintain profitability by reducing costs. Profitability in the PRC remained encouraging, sustained by steady demand.

Healthcare

Sales in the Healthcare segment came to ¥141.7 billion, while operating income was ¥24.8 billion.

Pharmaceuticals

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

Operating conditions for our domestic pharmaceuticals business remained harsh, owing to the April 2014 revision of reimbursement prices for prescription pharmaceuticals under Japan's National Health Insurance (NHI) scheme and to higher sales of generic drugs, which pushed down sales of long-listed originator drugs. In contrast, sales of hyperuricemia and gout treatment *Feburic* (febuxostat) rose steadily, further boosting our leading share of the Japanese market for such treatments. Sales of *Somatuline*®*, a treatment for acromegaly, also increased favorably. Drugs for which new formulations have been developed include osteoporosis treatment *Bonalon*®†, which has been made available not only in tablet form but also as an oral jelly and an intravenous drip, thereby broadening choices available to osteoporosis sufferers.

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 42 of these countries and territories, and we are in the process of obtaining regulatory approval to make it available in the others.

In R&D, we signed an agreement in May 2014 with U.K. pharmaceuticals manufacturer Sigma-Tau Pharma Ltd., gaining exclusive development and distribution rights in Japan for EZN-2279, a therapeutic agent for adenosine deaminase (ADA) deficiency developed by Sigma-Tau, and began preparing for domestic clinical trials. We also proceeded with the development of KTF-374, an innovative sheet-type fibrin surgical sealant that integrates pharmaceuticals and materials technologies, while core segment subsidiary Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic Research Institute) prepared for the start of clinical trials in Japan. In line with this, in September 2014 we resolved to build a new integrated pharmaceuticals development laboratory, the Technology Integrated Pharmaceutics Center, in Iwakuni, Yamaguchi Prefecture. In December 2014, we embarked on Phase II clinical trials for bronchial asthma treatment PTR-36, while in February 2015 we obtained approval from Japan's Ministry of Health, Labour and Welfare to manufacture and market *Mucosolvan*® *L* Tablet 45 mg, a novel reduced-sized once-daily tablet-form expectorant that is easier to swallow and has the same effectiveness as regular-sized tablets. Sales of the new drug are scheduled to begin in the first half of fiscal 2015. In March 2015, we concluded an agreement with Taisho Pharmaceutical Co., Ltd., granting us the distribution rights in Japan for TT-063, an anti-inflammatory analgesic patch.

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

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

Home Healthcare

Rental volumes remained high or increased.

We currently provide home healthcare services to more than 400,000 individuals in Japan and overseas. In Japan, rental volume for mainstay therapeutic oxygen concentrators for home oxygen therapy (HOT) remained firm, thanks to the release of new models *Hi-Sanso* 3S and *Hi-Sanso Portable* α (alpha). In June 2014, we launched *Hi-Sanso* 5S and *Sanso Saver* 5, a new unit that helps resolve concerns and inconvenience for HOT patients in the event of a disaster or a major power failure. Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) continued to increase favorably, augmented by the launch of *NemLink*, a monitoring system for CPAP ventilators that uses mobile phone networks and which also provides pertinent data to medical care facilities to enhance the effectiveness of treatment. Rentals of our noninvasive positive pressure ventilators (NPPVs) (the *NIP NASAL* series and *AutoSet* CS) also rose encouragingly. To fortify support services for individuals, we sought to improve our ability to respond to patient needs by capitalizing on new home healthcare call centers in Fukuoka and Osaka, the latter established in fiscal 2013. We are also gradually expanding our marketing efforts for the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke and other causes launched in fiscal 2013, which initially focused on the Tokyo metropolitan area, to medical institutions in other areas of the country.

Overseas, we currently provide home healthcare services in the United States, Spain and the ROK. In the period under review, operating conditions in the United States remained harsh, a consequence of healthcare system reform and sizeable ensuing declines in medical treatment fees, as well as other factors. We responded by taking steps to restore profitability, including integrating sales bases and reducing headcount.

Trading and Retail

The Trading and Retail segment yielded sales of ¥259.4 billion and operating income of ¥4.2 billion.

Fiber Materials and Apparel

Collaboration with leading overseas sportswear manufacturers in the area of strategic materials expanded dramatically.

Overall sales of fiber materials and apparel were healthy, bolstered by efforts to reinforce brand deployment for high-performance materials for use in sportswear and outdoor apparel. Of note, collaboration with leading overseas sportswear manufacturers expanded dramatically, particularly for *DELTAPEAK*, which we have positioned as a key strategic material. In the uniforms business, margins were hampered by the depreciation of the yen, which pushed up procurement costs. In the fibers and yarn business, standard imported yarns struggled, owing to bitter competition, a consequence of the weaker yen and a shortage of physical space for production among midstream companies. In textiles, sales remained firm as the waning yen buttressed exports, principally to Europe.

In functional textiles and apparel, yen depreciation and rising overseas sewing costs combined to squeeze the profitability of our mainstay OEM business, while orders for both summer and autumn/winter apparel stagnated, reflecting persistently unseasonable weather. Against this backdrop, we pushed ahead with efforts to establish a solid network of sewing bases and other facilities, focusing on Vietnam and Myanmar, with the aim of bolstering our supply capabilities in the Association of Southeast Asian Nations (ASEAN) region. In a move designed to strengthen our sales capabilities, we fortified our original design manufacturer (ODM) business by maximizing our materials development capabilities. Efforts included proposing innovative compound materials made with *SOLOTEX* polytrimethylene terephthalate (PTT) fiber—another strategically important material—and natural fibers.

Industrial Textiles and Materials

Sales of products for environmental and safety-related applications were brisk.

Among industrial fabrics, demand for materials used in child safety seats and other automotive accessories were sluggish, owing to a negative rebound following the last-minute demand rush that preceded Japan's April 2014 consumption tax hike. Sales of materials for tire cords, belts, hoses and other automotive applications were firm overall, although profitability of imported products deteriorated as a consequence of the yen's sharp downturn in the second half. Overseas, we established a new tire cord production joint venture in Thailand, the operations of which will encompass twisting, weaving and adhesive treatment. The new company is expected to commence operations in December 2015. We also began building a new processing line for automotive hose cords at subsidiary Teijin Cord (Thailand) Co., Ltd. Demand for airbag fabrics rose in the PRC, Thailand and Japan.

In the area of general-purpose materials, demand remained healthy for materials for civil engineering-related applications and membrane materials, used in temporary tents, among others, for disaster mitigation-related applications. In mainstay materials for environmental applications, sales of filters for use in wastewater processing in the PRC expanded. We also reported robust exports of short-cut fibers and high-performance materials, notably aramid, to Europe and the Americas, and of carbon materials to Asia. In interior materials, sales of home-use wiping cloths and related products were solid, but sales of curtains and wall- and floor-covering materials were generally weak. In the area of chemical products, domestic shipments of plastic films and related products were firm, bolstered by a partial recovery in demand from the semiconductor and electronics industries.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥64.8 billion and operating income of ¥4.0 billion.

In the IT business, the favorable expansion of sales from the distribution of e-books contributed to firm sales in the net services category. In the IT services category, we established EverySense, Inc., in partnership with two other companies, with the aim of developing and offering new services in the Internet of Things (IoT)‡ market, and continued to provide mental health support services for corporate employees on overseas assignment. In the healthcare category, we launched Digital Health Connect, Japan's first IT tool designed to facilitate collaboration between innovators in the healthcare field and IT service providers. We also took steps to establish a presence in new areas of the IT services market. Of note, we launched *Athlete Stories*, a program designed to support the efforts of athletes seeking to reach the top ranks in their particular sport.

‡ The IoT is a concept that describes the interconnection of a vast array of devices worldwide via the Internet. Such advanced connectivity will facilitate the realization of a wide range of new services.

In new business development, sales of *LIELSORT* lithium-ion battery (LiB) separators continued to expand favorably. With the aim of further expanding this business, we installed a second line at our production facility in the ROK, which commenced operation in December 2014. This has doubled our production capacity for *LIELSORT* LiB separators, positioning us to respond to further increases in demand. During the period, we also developed *NanoGram* silicon paste for use in the production of high conversion-efficiency solar cells, as well as a new processing technology that maximizes this product's performance features, and promoted marketing to solar cell manufacturers. In collaboration with Kansai University, we developed the world's first polylactic acid (PLA) piezoelectric fabrics for use in wearable devices that sense human movement and transforms it into data.

In the area of advanced medical materials, we are involved in a project to develop a groundbreaking patch to replace damaged cardiac tissue that delivers both the strength and extensibility required for long-term use. This project, which was selected for support under a program launched by Japan's Ministry of Economy, Trade and Industry to promote collaboration between medical institutions and industry, is a joint effort with Osaka Medical College and Fukui Warp Knitting Co., Ltd. On another front, we acquired a stake in Nakashima Medical Co., Ltd., with the aim of establishing a new joint venture, Teijin Nakashima Medical Co., Ltd., thereby facilitating our entry into the market for joint prostheses. The joint venture will capitalize on Nakashima Medical's metalworking technologies and expertise in joint prostheses with our materials technologies and sales capabilities. In addition to establishing itself as a leading manufacturer of domestically produced joint prostheses, the joint venture will lay a foundation for its eventual expansion into global markets.

In March 2015, ongoing efforts to advance businesses that integrate our capabilities in the IT and healthcare businesses resulted in the launch of *Sleep Styles*, a comprehensive sleep support service that includes, among others, the provision of related information via the Internet and a sleeping app.

Outlook for Fiscal 2015

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Comprehensive income (loss) attributable to owners of the parent
Fiscal 2015 (Forecast)	¥825.0	¥47.5	¥47.5	¥25.0
Fiscal 2014	786.2	39.1	42.4	(8.1)
Change	+38.8	+8.4	+5.1	+33.1
Percentage change	+4.9%	+21.5%	+12.1%	—

Given expectations of a gradual economic recovery in developed countries and a slowdown in emerging economies, global economic growth in the foreseeable future is likely to be limited. A number of factors continue to warrant caution, including the market implications of U.S. monetary policy normalization and wildly fluctuating currency rates and crude oil prices.

In this environment, we will continue to emphasize two priorities, namely, restructuring initiatives and transformation and growth strategies, guided by our revised medium-term management plan, announced in November 2014. In fiscal 2015, we will accelerate the implementation of such initiatives and strategies with the aim of rebuilding our earnings base in a manner that is not swayed by changes in the general operating environment. We will also continue to invest actively in promising strategic growth-oriented projects with the aim of creating new value for customers.

At present, we forecast consolidated net sales of ¥825.0 billion, up 4.9% from fiscal 2014. We also forecast operating income and ordinary income of ¥47.5 billion, representing increases of 21.5% and 12.1%, respectively, and comprehensive income attributable to owners of the parent of ¥25.0 billion, compared with a comprehensive loss attributable to owners of the parent of ¥8.1 billion in fiscal 2014. These forecasts assume exchange rates of ¥120 to US$1.00 and ¥135 to €1.00 and an average Dubai crude oil price of US$65 per barrel.

Forecast for Segment Results

(Billions of yen)

	Net sales		Operating income	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 65.0	¥140.0	¥ 8.5	¥ 18.5
Electronics Materials and Performance Polymer Products	90.0	175.0	4.0	7.5
Healthcare	75.0	150.0	13.0	27.0
Trading and Retail	135.0	280.0	1.5	5.0
Total	365.0	745.0	27.0	58.0
Others	35.0	80.0	1.5	5.5
Elimination and corporate	—	—	(8.5)	(16.0)
Consolidated total	¥400.0	¥825.0	¥20.0	¥ 47.5

Qualitative Information on Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Assets, Liabilities and Net Assets

Despite a decline in fixed assets attributable to the application of impairment accounting, total assets as of March 31, 2015, amounted to ¥823.7 billion, up ¥55.3 billion from the end of fiscal 2013. This was primarily due to an increase in the yen value of assets denominated in foreign currencies, a consequence of the weaker yen, and to higher stock purchases, which pushed up investment securities.

Total liabilities, at ¥520.1 billion, were up ¥51.8 billion from the fiscal 2013 year-end. Interest-bearing debt, which includes loans payable and bonds payable, rose ¥26.7 billion, to ¥308.2 billion, with contributing factors including the issue of convertible bonds.

Total net assets rose ¥3.5 billion, to ¥303.6 billion. Notwithstanding the net loss reported for the period, total shareholders' equity and total valuation and translation adjustments together increased ¥5.4 billion, to ¥287.1 billion, bolstered by an increase in valuation difference on available-for-sale securities.

Cash Flows

Net cash and cash equivalents provided by operating activities in fiscal 2014 amounted to ¥76.0 billion. This result reflected the fact that the impact of non-cash items such as depreciation and amortization and impairment loss exceeded that of, among others, the net loss for the period.

Net cash and cash equivalents used in investing activities amounted to ¥49.6 billion. Reasons behind this result included outlays for the purchase of property, plant and equipment and the purchase of investment securities.

Free cash flow—net cash and cash equivalents from operating and investing activities combined—in fiscal 2014 thus totaled ¥26.4 billion.

Net cash and cash equivalents provided by financing activities amounted to ¥10.4 billion. Among contributing factors were the issue and redemption of bonds, the net result of proceeds from short- and long-term debt and the repayment thereof, and the payment of dividends.

After factoring in the impact of exchange rate fluctuations, operating, investing and financing activities in the period under review resulted in a net increase in cash and cash equivalents of ¥37.6 billion as of March 31, 2015.

Forecast for Financial Position

In fiscal 2015, we will press forward with efforts to first maintain, and then enhance, financial soundness. At the same time, we will actively promote promising investments and projects with the potential to contribute to future growth, in line with our current medium- to long-term management vision. Our forecasts for fiscal 2015 are for an ROA of 5.7%, ROE of 8.5% and a debt-to-equity ratio of 1.0 times.

Key Indicators

	Fiscal 2010 (As of March 31, 2011)	Fiscal 2011 (As of March 31, 2012)	Fiscal 2012 (As of March 31, 2013)	Fiscal 2013 (As of March 31, 2014)	Fiscal 2014 (As of March 31, 2015)	Fiscal 2015 (As of March 31, 2016) (Forecast)
ROA (%)	6.1	4.5	1.6	2.4	4.9	5.7
ROE (%)	9.1	4.2	–10.3	3.0	–2.8	8.5
Debt-to-equity ratio (times)	0.94	0.89	1.00	1.00	1.07	1.0
Equity ratio (%)	37.3	38.3	35.6	36.7	34.9	35.3
Equity ratio (market value basis) (%)	44.7	37.8	31.3	34.9	43.5	—
Debt payback period (years)	3.5	4.9	4.2	7.3	4.1	—
Interest coverage ratio (times)	17.2	10.9	18.4	10.5	23.8	—

Note: Calculations are based on consolidated figures.

Return on assets (ROA) Operating income ÷ Average* total assets
* ([Beginning balance + Ending balance] ÷ 2)

Return on equity (ROE) Comprehensive income (loss) attributable to owners of the parent ÷ Average* total shareholders' equity
* ([Beginning balance + Ending balance] ÷ 2)

Debt-to-equity ratio Interest-bearing debt ÷ Total shareholders' equity

Equity ratio [Total net assets (ending balance) – Subscription rights to shares (ending balance) – Minority interests (ending balance)] ÷ Total assets

Equity ratio (market value basis) Market value of equity* ÷ Market value of total assets**
* Ending price × Number of shares issued at end of period (excluding treasury stock)
** Total shareholders' equity recalculated at market value

Debt payback period (years) Interest-bearing debt ÷ Net cash and cash equivalents provided by operating activities*
* As in Consolidated Statements of Cash Flows

Interest coverage ratio Net cash and cash equivalents provided by operating activities ÷ Interest expenses paid*
* As in Consolidated Statements of Cash Flows

Policy Regarding the Payment of Dividends, Dividends Declared for Fiscal 2014 and Dividend Forecast for Fiscal 2015

Policy Regarding the Payment of Dividends

Our basic policy for profit sharing is to ensure dividends are in line with consolidated operating results. We also give consideration to the need to ensure financial soundness, to our ability to maintain stable dividend payments over the medium to long term and to securing sufficient internal reserves to fund strategic investments aimed at ensuring future growth.

Dividends Declared for Fiscal 2014 and Dividend Forecast for Fiscal 2015

Our year-end dividend for fiscal 2014 was declared at ¥2.0 per share, bringing dividends for the full term, including the interim dividend, to ¥4.0 per share. Taking into account our operating results forecasts, we currently expect to declare an interim dividend of ¥3.0 per share and a year-end dividend of ¥3.0 per share for fiscal 2015, for full-term dividends of ¥6.0 per share.

Risk Factors

The Teijin Group recognizes certain risks as having the potential to affect its operating results and/or financial position. As of the date of this document, these risks included, but were not limited to, the risks listed below.

Market-Related Risk

The Teijin Group is working to transform itself into a corporate entity that is not swayed by changes in the general operating environment. Nonetheless, certain of the Group's products are vulnerable to market conditions, as a consequence of which the Group's performance may be affected by market trends, as well as by competition with other companies and sales price fluctuations arising thereof. Businesses involving commoditized materials—notably polyester fibers, polyester films and polycarbonate resin—are particularly vulnerable to fluctuations in shipments, sales prices and procurement costs for raw materials and fuel related to market conditions and competition with other companies. Because the cost of raw materials and fuel accounts for a major portion of production costs in these businesses, fluctuations in the price of crude oil may have a significant impact on the Group's income performance.

The majority of products in the Teijin Group's materials businesses are intermediates. Owing to inventory adjustments at each stage of production and sales, the rate of expansion or contraction of end-user demand for such products may exceed that of the real economy.

The Teijin Group's Healthcare segment is vulnerable to changes in drug reimbursement prices under Japan's NHI scheme, as well as to increasingly intense competition, both of which may have a negative impact on sales prices.
Fluctuations in foreign exchange and interest rates also have the potential to affect the Teijin Group's operating results and/or financial position.

Product Quality Risk

Teijin and the principal companies of the Teijin Group, including Teijin Pharma Limited, have established a dedicated product quality and reliability assurance function in the form of a division which functions independently of other divisions. The division, which adheres to strict quality management standards, is charged with product quality and reliability assurance for all Group businesses. However, there can be no assurance that all products are free of unforeseen major quality issues. Product and service defects arising from such quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

R&D-Related Risk

The Teijin Group actively allocates management resources to R&D with the aim of realizing sustainable growth through technology-driven innovation. However, the outcome of such R&D may diverge significantly from the objectives thereof, a situation that has the potential to negatively affect, among others, the Group's operating results.

In particular, R&D in the pharmaceuticals business is characterized by significant investments of funds and time. Pharmaceuticals discovery research has a high incidence of failure. In the initial stages, there is a high risk that researchers will fail to discover a promising drug. Even if a promising drug is discovered, clinical trials may prove it not to be as effective as anticipated, or to have unexpected adverse side effects, thereby forcing the abandonment of plans to apply for approval. 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, or that approval may be rescinded based on the outcome of research conducted subsequent to launch.

Risks Related to Overseas Operations

The Teijin Group has operations in the PRC, Southeast Asia (including Thailand and Singapore), Europe (including Germany and the Netherlands) and the United States. These operations are vulnerable to the impact of fluctuations in foreign exchange and interest rates. Our operations in the PRC and Southeast Asia, in particular, may also be affected by such factors as the enforcement of new—or unexpected changes to existing—laws, regulations or tax systems that exert an adverse impact on the Group; economic fluctuations; or by social unrest triggered by, among others, changes of government or acts of terror or war. The manifestation of such risks has the potential to adversely affect the Group's operating results and/or financial position.

Risks Related to Accidents and Disasters

The Teijin Group has prepared common disaster prevention guidelines for use by all Group companies and is an active proponent of efforts to prevent and/or alleviate the impact of disasters through disaster prevention diagnostics, earthquake response measures, fire prevention and other advance prevention strategies, disaster prevention education and training and post-disaster impact mitigation measures.

Nonetheless, in the event of a major natural disaster or unforeseen accident that results in damage to the Group's production facilities or significantly impedes the Group's supply chain, such developments may have a negative impact on the Group's operating results and/or financial position.

2. Management Policies

Basic Management Policies of the Teijin Group

As declared in one of the Teijin Group's three corporate philosophies*, we are committed to enhancing the quality of life of people everywhere through our deep insight into human nature and the application of our creative abilities. Accordingly, we as a Group pledge to continue advancing chemical technologies that are friendly to both people and the global environment and to keep providing solutions that resonate with our customers and society at large. Guided by this philosophy, we aim to achieve sustainable growth in corporate value by pursuing an integrated management approach based on three core elements: Business strategies, corporate governance and corporate social responsibility (CSR)†. Through these efforts, we will endeavor to build solid relationships, based on trust, with all of our stakeholders‡.

* The Teijin Group has three corporate philosophies: "Enhance the quality of life," "Grow in harmony with society" and "Empower our people."

† CSR: A form of corporate self-regulation encompassing commitment to the environment, safety and health; compliance, i.e., adherence to social norms, ethical standards and the law; and responsibility to society.

‡ Stakeholders include shareholders, employees, creditors, business partners (customers and suppliers), consumers and local communities.

Principal Performance Targets

The Teijin Group has identified ROA, ROE and debt-to-equity ratio as key performance indicators.

Tasks Ahead

Short-Term Efforts

In our advanced fibers and composites business, which we have positioned as a core strategic business, we will continue working to bolster sales in promising markets, notably for use in aircraft and for automotive and infrastructure-related applications. We will also reinforce our sales configuration with the aim of cultivating markets in emerging economies, which are expected to see considerable growth going forward, and in July 2015 will begin production of a new type of meta-aramid fiber. In healthcare, also viewed as a core strategic business, we will press ahead with efforts to increase sales of key strategic products, namely, hyperurecemia and gout treatment febuxostat and CPAP ventilators for treating SAS.

In addition to taking steps to expand profits in our trading and retail and IT businesses, which we see as stable-profit businesses, we will leverage synergies with core strategic businesses. In businesses to be restructured, namely our electronics materials and performance polymer products and our raw materials and polymerization businesses, will press forward resolutely with efforts to complete our restructuring of loss-making businesses, thereby positioning us to reinforce the competitiveness of our materials businesses by shifting our focus to high-value-added products, as well as to shrink businesses that center on commoditized products.

Medium-Term Efforts

In November 2014, we introduced a revised medium-term management plan, which centers on restructuring initiatives and transformation and growth strategies, to guide our efforts through fiscal 2016.

Restructuring initiatives

The goals of our restructuring initiatives are to ensure full awareness of and further reinforce the basic strengths we have amassed to date and to build a new structure capable of supporting transformation and growth strategies. To this end, we have narrowed our focus by analyzing each of our businesses from the perspectives of market growth potential, competitive advantages and profitability, and will promote the targeted allocation of corporate resources in promising growth businesses. Based on the results of this process, we will promote key strategic efforts:

Electronics materials and performance polymer products
We will streamline our production configuration with the aim of shrinking businesses that center on commoditized products and shifting our emphasis to high-value-added products.

Advanced fibers and composites
To reinforce our competitiveness, we will expand our production base in Thailand and centralize our domestic production and R&D bases.

Raw materials and polymerization
With the aim of dramatically revamping our production model for polyester products, we will discontinue in-house production of dimethyl terephthalate (DMT) and centralize our domestic polymerization facilities.

Healthcare
We will promote a sweeping reorganization of our U.S. home healthcare business.

We expect the positive impact of restructuring initiatives on operating income in fiscal 2016 to be ¥13.0 billion higher than in fiscal 2014. We estimate that the annual combined positive impact of such efforts, when fully realized, will be ¥17.5 billion.

Transformation and growth strategies

The Teijin Group is a unique corporate entity with capabilities in three core business domains, namely, high-performance materials, healthcare and IT. While to date we have sought to grow businesses in each domain independently, our emphasis going forward will be on integrating capabilities and competitive advantages from these domains to realize new value for our customers.

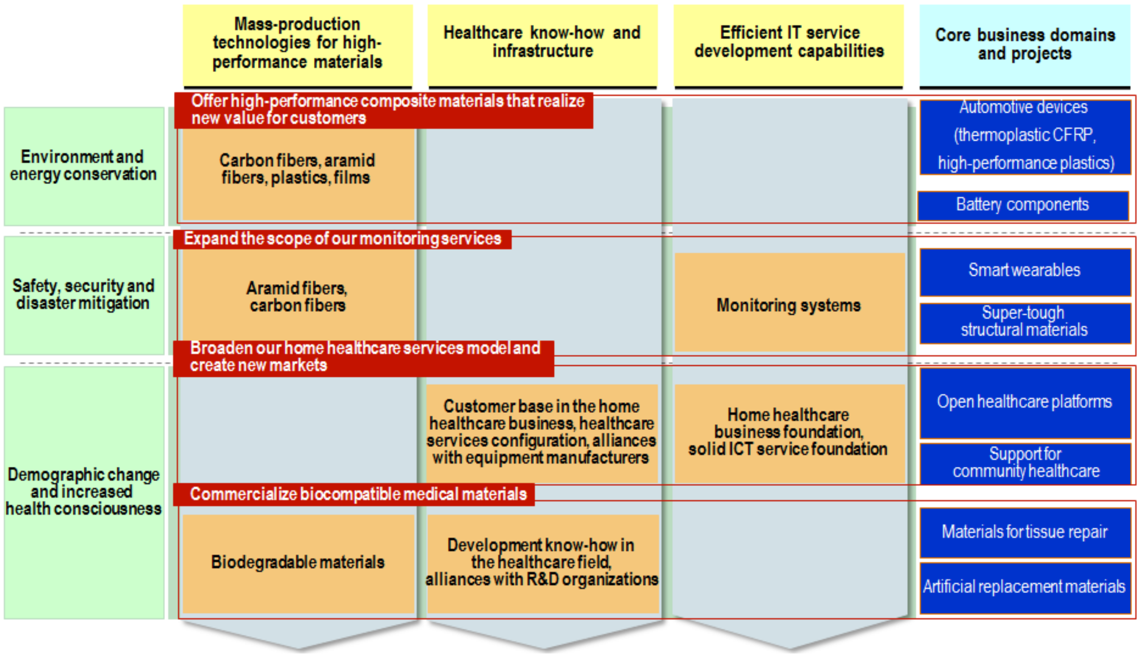
Of note, we will seek to leverage key Group capabilities to capitalize on business opportunities arising from macroeconomic trends in areas we recognize as particularly promising—which we have grouped into three categories: environment and energy conservation; safety, security and disaster mitigation; and demographic change and increased health consciousness—to foster groundbreaking, distinctively Teijin businesses in line with four specific growth concepts.

Offer high-performance composite materials that realize new value for customers
Automotive devices, battery components

Expand the scope of our monitoring services
Smart wearables, super-tough structural materials

Diversify our home healthcare services model and create new markets
Open healthcare platforms, support for community healthcare

Commercialize biocompatible medical materials
Materials for tissue repair, artificial replacement materials

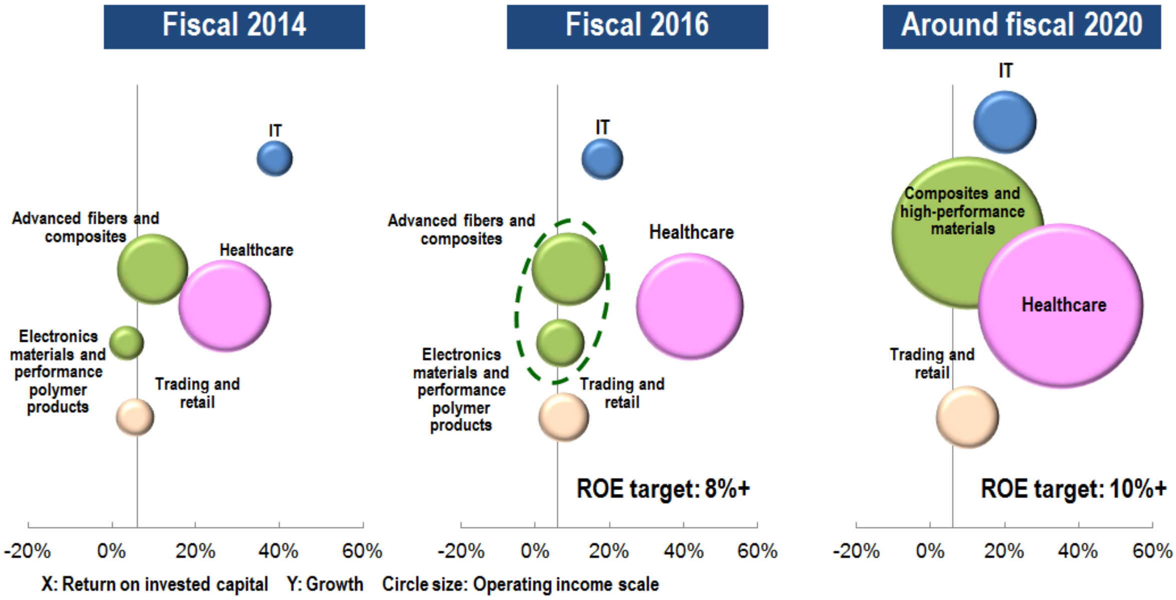


Medium-term management targets

We expect results in the years ahead to be bolstered by the positive impact of restructuring initiatives and by the growth of our core strategic advanced fibers and composites and healthcare businesses. Accordingly, we will continue working to achieve the targets we have set for fiscal 2016, notably operating income of ¥50.0 billion and ROE of 8% or higher.

Future outlook

In the years ahead, we will promote further restructuring initiatives with the goal of unifying our various materials businesses. By around fiscal 2020, we intend to evolve as an extensive corporate group with two principal businesses, one being healthcare and the other being composites and high-performance materials, supported by two stable-profit businesses, namely, trading and retail and IT.



Basic Policy on Selection of Financial Reporting Standards

In preparation for the future adoption of International Financial Reporting Standards (IFRS), we are analyzing differences between the IFRS and financial reporting standards generally accepted in Japan, which we currently apply. We are also considering the appropriate timing of adoption.

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.

TEIJIN
Human Chemistry, Human Solutions

3. Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2013 (As of Mar. 31, 2014)	FY2014 (As of Mar. 31, 2015)
< Assets >		
Current assets		
Cash and deposits	33,134	45,719
Notes and accounts receivable-trade	165,239	172,139
Securities	—	25,000
Merchandise and finished goods	79,014	78,357
Work in process	9,084	8,194
Raw materials and supplies	30,569	28,781
Short-term loans receivable	18,644	16,421
Deferred tax assets	7,269	7,123
Other current assets	24,639	25,375
Allowance for doubtful accounts	(2,687)	(1,108)
Total	**364,908**	**406,004**
Fixed assets		
Tangible assets		
Buildings and structures, net	69,238	60,752
Machinery and equipment, net	91,429	71,111
Land	43,690	43,810
Construction in progress	9,297	10,246
Other, net	23,204	22,962
Total	**236,861**	**208,883**
Intangible assets		
Goodwill	15,806	9,408
Other	13,651	11,218
Total	**29,457**	**20,627**
Investments and other assets		
Investment securities	82,068	119,915
Long-term loans receivable	2,059	2,199
Net defined benefit asset	28,836	34,584
Deferred tax assets	2,271	3,874
Other	25,033	30,533
Allowance for doubtful accounts	(3,085)	(2,927)
Total	**137,184**	**188,179**
Total fixed assets	**403,502**	**417,689**
Total assets	**768,411**	**823,694**

(Millions of yen)

	FY2013 (As of Mar. 31, 2014)	FY2014 (As of Mar. 31, 2015)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	80,003	75,495
Short-term loans payable	84,604	56,427
Current portion of long-term loans payable	21,811	20,570
Current portion of bonds	6,960	21,059
Income taxes payable	2,915	6,680
Deferred tax liabilities	60	33
Accrued expenses	17,757	21,052
Other	34,550	40,236
Total	**248,662**	**241,555**
Noncurrent liabilities		
Bonds payable	30,000	55,188
Long-term loans payable	136,401	153,517
Provision for business structure improvement	—	14,683
Net defined benefit liability	30,204	30,407
Asset retirement obligations	1,245	6,860
Deferred tax liabilities	9,782	6,289
Other	12,001	11,557
Total	**219,635**	**278,503**
Total liabilities	**468,298**	**520,059**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,429	101,447
Retained earnings	111,754	101,201
Treasury stock	(435)	(426)
Total	**283,564**	**273,039**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	10,758	24,226
Deferred gains or losses on hedges	1,017	(2,569)
Foreign currency translation adjustment	(13,025)	(8,102)
Remeasurements of defined benefit plans	(634)	479
Total	**(1,884)**	**14,034**
Subscription rights to shares	**737**	**844**
Minority interests	**17,694**	**15,716**
Total net assets	**300,112**	**303,635**
Total liabilities and net assets	**768,411**	**823,694**

(2) Consolidated Statements of Income

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Net sales	**784,424**	**786,171**
Cost of sales	590,091	569,499
Gross profit	**194,333**	**216,672**
Selling, general and administrative expenses	176,254	177,586
Operating income	**18,078**	**39,086**
Nonoperating revenues		
Interest income	506	622
Dividends income	957	1,308
Equity in earnings of affiliates	4,181	2,435
Foreign exchange gains	—	1,031
Gain on valuation of derivatives	1,495	2,663
Miscellaneous income	1,405	1,109
Total	8,546	9,170
Nonoperating expenses		
Interest expenses	3,358	3,067
Foreign exchange losses	287	—
Contribution	1,043	903
Miscellaneous loss	2,048	1,907
Total	6,737	5,877
Ordinary income	**19,887**	**42,378**
Extraordinary income		
Gain on sales of noncurrent assets	151	748
Gain on sales of investment securities	8,296	94
Other	690	115
Total	9,139	958
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,676	1,283
Loss on valuation of investment securities	106	4
Impairment loss	8,781	30,375
Business structure improvement expenses	2,385	16,759
Other	1,557	1,842
Total	14,507	50,264
Income (loss) before income taxes	**14,519**	**(6,927)**
Income taxes - current	5,126	11,521
Income taxes - deferred	2,781	(8,446)
Total	7,907	3,074
Income (loss) before minority interests	**6,611**	**(10,002)**
Minority interests in income (loss)	(1,744)	(1,915)
Net income (loss)	**8,356**	**(8,086)**

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Income (loss) before minority interests	**6,611**	**(10,002)**
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,790)	13,467
Deferred gains (losses) on hedges	(50)	(3,586)
Foreign currency translation adjustment	7,957	3,995
Remeasurements of defined benefit plans, net of tax	—	1,737
Share of other comprehensive income of associates accounted for using equity method	1,504	421
Total	**6,620**	**16,035**
Comprehensive income (loss)	**13,232**	**6,033**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	14,992	7,832
Comprehensive income (loss) attributable to minority interests	(1,760)	(1,798)

(3) Consolidated Statement of Changes in Net Assets

FY2013 (Apr. 2013 - Mar. 2014) (Million yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2013	70,816	101,407	107,328	(415)	279,137
Cumulative effects of changes in accounting policies					
Restated balance	70,816	101,407	107,328	(415)	279,137
Changes of items during the period					
Dividends from surplus			(3,931)		(3,931)
Net income (loss)			8,356		8,356
Others					—
Purchase of treasury stock				(78)	(78)
Disposal of treasury stock		21		59	80
Net changes of items other than shareholders' equity					
Total	—	21	4,425	(19)	4,426
Balance at March 31, 2014	70,816	101,429	11,754	(435)	283,564

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2013	13,550	1,069	(22,505)	—	(7,885)	649	20,226	292,127
Cumulative effects of changes in accounting policies								
Restated balance	13,550	1,069	(22,505)	—	(7,885)	649	20,226	292,127
Changes of items during the period								
Dividends from surplus								(3,931)
Net income (loss)								8,356
Others								—
Purchase of treasury stock								(78)
Disposal of treasury stock								80
Net changes of items other than shareholders' equity	(2,791)	(51)	9,479	(634)	6,001	88	(2,531)	3,558
Total	(2,791)	(51)	9,479	(634)	6,001	88	(2,531)	7,985
Balance at March 31, 2014	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	300,112

FY2014 (Apr. 2014 - Mar. 2015) (Million yen : amounts less than one million yen are omitted)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	70,816	101,429	111,754	(435)	283,564
Cumulative effects of changes in accounting policies			1,465		1,465
Restated balance	70,816	101,429	113,219	(435)	285,029
Changes of items during the period					
Dividends from surplus			(3,930)		(3,930)
Net income (loss)			(8,086)		(8,086)
Others					—
Purchase of treasury stock				(23)	(23)
Disposal of treasury stock		18		32	50
Net changes of items other than shareholders' equity					
Total	—	18	(12,017)	9	(11,989)
Balance at March 31, 2015	70,816	101,447	101,201	(426)	273,039

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2014	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	300,112
Cumulative effects of changes in accounting policies								1,465
Restated balance	10,758	1,017	(13,025)	(634)	(1,884)	737	17,694	301,577
Changes of items during the period								
Dividends from surplus								(3,930)
Net income (loss)								(8,086)
Others								—
Purchase of treasury stock								(23)
Disposal of treasury stock								50
Net changes of items other than shareholders' equity	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	14,047
Total	13,467	(3,586)	4,923	1,113	15,918	106	(1,977)	2,057
Balance at March 31, 2015	24,226	(2,569)	(8,102)	479	14,034	844	15,716	303,635

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2013 (Apr. 2013-Mar. 2014)	FY2014 (Apr. 2014-Mar. 2015)
Cash flows from operating activities		
Income (loss) before income taxes	14,519	(6,927)
Depreciation and amortization of others	45,663	43,030
Impairment loss	8,781	30,375
Increase (decrease) in net defined benefit liability	1,424	5,420
Decrease (increase) in net defined benefit asset	1,258	(2,781)
Increase (decrease) in allowance for doubtful receivables	(382)	(1,917)
Increase (decrease) in provision for business structure improvement	―	14,683
Interest and dividend income	(1,776)	(1,931)
Interest expense	3,358	3,067
Equity in losses (earnings) of affiliates	(4,181)	(2,435)
Loss (gain) on valuation of derivatives	(1,495)	(2,663)
Loss (gain) on sales and retirement of noncurrent assets	1,524	535
Loss (gain) on sales of investment securities	(8,289)	39
Loss (gain) on valuation of investment securities	106	4
Decrease (increase) in notes and accounts receivable-trade	8,591	1,050
Decrease (increase) in inventories	(2,370)	6,766
Increase (decrease) in notes and accounts payable-trade	(15,998)	(9,626)
Increase (decrease) in accrued payments due to change in retirement benefit plan	(2,420)	(2,082)
Other, net	(5,324)	2,802
Subtotal	42,989	77,410
Interest and dividends income received	5,403	7,067
Interest expenses paid	(3,663)	(3,189)
Income taxes paid	(6,143)	(5,258)
Net cash and cash equivalents provided by operating activities	**38,586**	**76,030**
Cash flows from investing activities		
Purchase of property, plant and equipment	(30,863)	(26,527)
Proceeds from sales of property, plant and equipment	472	751
Purchase of intangible assets	(2,208)	(2,364)
Purchase of investment securities	(21,202)	(22,052)
Proceeds from sales of investment securities	10,847	1,575
Decrease (increase) in short-term loans receivable	(2,981)	2,434
Payments of long-term loans receivable	(55)	(1,908)
Collections of long-term loans receivable	254	329
Other, net	(1,541)	(1,861)
Net cash and cash equivalents used in investing activities	**(47,278)**	**(49,624)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,135	(36,295)
Proceeds from issuance of bonds	11,110	59,210
Redemption of bonds	(21,631)	(19,809)
Proceeds from long-term loans payable	51,730	37,534
Repayment of long-term loans payable	(55,339)	(25,805)
Cash dividends paid	(3,931)	(3,930)
Cash dividends paid to minority shareholders	(553)	(200)
Other, net	(421)	(309)
Net cash and cash equivalents provided by financing activities	**(7,902)**	**10,393**
Effect of exchange rate changes on cash and cash equivalents	**869**	**786**
Net increase in cash and cash equivalents	(15,725)	37,586
Cash and cash equivalents at beginning of period	**48,700**	**32,975**
Cash and cash equivalents at end of period	**32,975**	**70,561**

4. Changes in Accounting Principles, etc.

Application of Accounting Standard for Retirement Benefits

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

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

Change in accounting estimate

In the first half of fiscal 2014, the Company resolved to withdraw from the business of consolidated subsidiary Teijin Polycarbonate Singapore Pte Ltd. As a consequence, the expected remaining contract term for real estate leased by the company was shortened to a more practical number of years, thus facilitating a more precise estimate of asset retirement obligations—namely, an obligation of restoration to original condition—associated therewith. Owing to the revision of this estimate, the balance of asset retirement obligations as of September 30, 2014, was ¥8,142 million higher than would have been the case had the estimate not changed. In addition, because the Company applied impairment accounting to the accompanying tangible fixed assets, the effect of this change in accounting estimate was to increase loss before income taxes in the first half by an identical amount.

In light of newly available information, including that related to methods used for demolition and removal, the Company subsequently revised its estimate of asset retirement obligations associated therewith. Owing to this revision, the balance of asset retirement obligations as of March 31, 2015, was ¥4,450 million lower than as of September 30, 2014. Concomitantly, the Company also revised the amount of its impairment loss in the first half. The effect of the aforementioned changes in fiscal 2014 was to increase loss before income taxes by ¥4,252 million.

5. Segment Information, etc.

Segment Information

Outline of segments

The Company's reportable operating segments are components of an entity for which separate financial information is available and evaluated regularly by its chief decision-making authority in determining the allocation of management resources and in assessing performance. The Company currently divides its operations into business groups, based on type of product, nature of business and services provided. The business groups formulate product and service strategies in a comprehensive manner in Japan and overseas.

Accordingly, the Company divides its operations into four reportable operating segments on the same basis as it uses internally: Advanced Fibers and Composites (comprising High-Performance Fibers and Carbon Fibers and Composites); Electronics Materials and Performance Polymer Products (comprising Polycarbonate Resin and Plastics Processing, and Films); Healthcare; and Trading and Retail.

Within the Advanced Fibers and Composites segment, the High-Performance Fibers business encompasses the production and sale of advanced aramid fibers and polyester fibers for industrial applications, and the Carbon Fibers and Composites business includes the production and sales of carbon fibers and composites. Within the Electronics Materials and Performance Polymer Products segment, the Polycarbonate Resin and Plastics Processing business involves the production and sale of polycarbonate resin, other resins and resin products, while the Films business includes the production and sales of polyester films. Healthcare encompasses the production and sales of pharmaceuticals, the production and rental of home healthcare devices and the provision of home healthcare services. Trading and Retail focuses on the planning, OEM production and trading and retail of polyester filaments, other fibers and polymer products.

Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Accounts for reportable segments are for the most part calculated in line with generally accepted standards for the preparation of consolidated financial statements.

Segment income (loss) for reportable segments is based on operating income (loss).

Amounts for intersegment transactions or transfers are calculated based on market prices or on prices determined using the cost-plus method.

Segment income (loss), segment assets and other items for reportable segments

FY2013 results (Apr. 2013 - Mar. 2014)

(Millions of yen)

	Reportable operating segments						
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal	Others[1]	Total
Sales							
1) External customers	123,550	179,445	138,415	254,179	695,591	88,833	784,424
2) Intersegment transactions or transfers	27,898	4,850	—	4,233	36,982	22,608	59,591
Net sales	151,448	184,296	138,415	258,413	732,574	111,441	844,015
Segment income (loss)	5,742	(7,218)	24,529	5,185	28,238	1,740	29,979
Segment asset	199,099	157,912	124,752	121,847	603,612	87,105	690,717
Other items							
Depreciation[2]	16,313	9,985	9,789	1,794	37,882	3,045	40,928
Amortization of goodwill	1,435	190	1,115	15	2,756	(43)	2,713
Investments in associates accounted for using equity method	7,545	16,658	879	697	25,781	9,785	35,567
Increase in tangible and intangible fixed assets[2]	9,061	2,638	12,544	1,626	25,870	3,014	28,885

(Notes)
1. "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable
2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Reportable operating segments					Others[1]	Total
	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Subtotal		
Sales							
1) External customers	135,528	184,767	141,723	259,380	721,399	64,772	786,171
2) Intersegment transactions or transfers	27,657	4,508	—	4,686	36,852	20,095	56,948
Net sales	163,185	189,276	141,723	264,067	758,252	84,867	843,119
Segment income (loss)	14,352	3,402	24,829	4,248	46,832	3,982	50,815
Segment asset	193,893	151,978	147,931	133,329	627,132	79,120	706,252
Other items							
Depreciation[2]	15,461	8,154	10,934	2,021	36,571	2,212	38,784
Amortization of goodwill	1,409	95	763	40	2,309	(48)	2,260
Investments in associates accounted for using equity method	7,368	21,693	1,061	1,823	31,946	10,535	42,482
Increase in tangible and intangible fixed assets[2]	10,033	1,676	11,231	2,024	24,966	2,295	27,262

(Notes)
1. "Others," which includes the polyester raw materials and polymerization businesses and the IT business, does not qualify as a reportable
2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

Reconcilisation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2013	FY2014
Reportable operating segments	732,574	758,252
Others segment	111,441	84,867
Elimination of intersegment transactions	(59,591)	(56,948)
Net sales	784,424	786,171

(Millions of yen)

Operating income	FY2013	FY2014
Reportable operating segments	28,238	46,832
Others segment	1,740	3,982
Elimination of intersegment transactions	288	129
Corporate expenses*	(12,189)	(11,858)
Operating income	18,078	39,086

(Notes)
Corporate expenses are expenses that cannot be allocated to individual reportable operating segments and are primarily related to basic research and head office administration.

(Millions of yen)

Assets	FY2013	FY2014
Reportable operating segments	603,612	627,132
Others segment	87,105	79,120
Corporate assets not allocated to segments*	112,388	164,235
Other	(34,694)	(46,793)
Total assets	768,411	823,694

(Notes)
Corporate assets are assets that cannot be allocated to individual reportable operating segments and are primarily related to investments of the parent company in "Cash and time deposits" and "Investments in securities" etc.

(Millions of yen)

Other items	Total for reportable operating segments		Others		Adjustment		Consolidated total	
	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014
Depreciation	37,882	36,571	3,045	2,212	2,021	1,985	42,950	40,769
Amortization of goodwill	2,756	2,309	(43)	(48)	—	—	2,713	2,260
Investments in associates accounted for using equity method	25,781	31,946	9,785	10,535	—	—	35,567	42,482
Increase in tangible fixed assets and intangible fixed assets	25,870	24,966	3,014	2,295	1,297	835	30,182	28,098

Related Information

FY2013 results (Apr. 2013 - Mar. 2014)

Information by product/service

See Segment Information (page 25)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
494,741	108,891	68,801	50,108	61,881	784,424

Note: Geographical segments are determined based on the country/region of domicile of customers.

II. Tangible fixed assets (Millions of yen)

Japan	PRC	Netherlands	Asia	Americas	Europe	Total
140,096	22,469	47,824	17,549	2,486	6,435	236,861

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

FY2014 results (Apr. 2014 - Mar. 2015)

Information by product/service

See Segment Information (page 25)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
465,413	121,285	78,811	56,533	64,127	786,171

Note: Geographical segments are determined based on the country/region of domicile of customers.

II. Tangible fixed assets (Millions of yen)

Japan	PRC	Netherlands	Asia	Americas	Europe	Total
124,938	22,234	37,420	16,144	2,560	5,584	208,883

Information by major customer

Omitted as no single customer accounts for more than 10% of consolidated net sales as reported in the Consolidated Statements of Income.

Loss on impairment by reportable segment

FY2013 results (Apr. 2013 - Mar. 2014)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	1,149	6,064	511	―	1,056	―	8,781

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	2,041	15,586	4,557	42	8,147	―	30,375

Goodwill by reportable segment

FY2013 results (Apr. 2013 - Mar. 2014)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Amortization of goodwill in FY2013	1,435	190	1,115	15	(43)	―	2,713
Balance as of March 31, 2014	9,517	1,638	4,675	15	(40)	―	15,806

FY2014 results (Apr. 2014 - Mar. 2015)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Amortization of goodwill in FY2014	1,409	95	763	40	(48)	―	2,260
Balance as of March 31, 2015	8,107	―	1,193	100	7	―	9,408

6. Supplementary Information

(1) Movement of consolidated results

Movement of results

(Billions of yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)
Net sales	854.4	745.7	784.4	786.2
Operating income	34.0	12.4	18.1	39.1
Ordinary income	34.3	9.8	19.9	42.4
Net income (loss)	12.0	(29.1)	8.4	(8.1)

Movement of industrial segment information

(Billions of yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)
Net sales				
Advanced Fibers and Composites	153.2	111.2	123.6	135.5
Electronics Materials and Performance Polymer Products	215.4	175.5	179.4	184.8
Healthcare	143.0	138.3	138.4	141.7
Trading and Retail	262.7	237.2	254.2	259.4
Total	774.3	662.2	695.6	721.4
Others	80.1	83.5	88.8	64.8
Consolidated total	854.4	745.7	784.4	786.2
Operating income (loss)				
Advanced Fibers and Composites	7.2	(4.7)	5.7	14.4
Electronics Materials and Performance Polymer Products	3.7	(1.9)	(7.2)	3.4
Healthcare	25.9	24.8	24.5	24.8
Trading and Retail	6.6	4.7	5.2	4.2
Total	43.4	22.9	28.2	46.8
Others	3.7	4.2	1.7	4.0
Elimination and corporate	(13.1)	(14.8)	(11.9)	(11.7)
Consolidated total	34.0	12.4	18.1	39.1

Note: Figures for FY2011, the fiscal year ended March 31, 2012, have been restated to conform with the Company's revised segmentation.

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

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)
Capital expenditure:			
CAPEX for tangible assets	33.1	27.7	25.3
Total	36.3	30.2	28.1
Depreciation & amortization*	46.9	45.7	43.0
Research & development	33.2	32.2	32.4

* Depreciation and amortization includes amortization of goodwill.

(3) Interest-bearing debt and balance of financial expenses (consolidated)

(Billions of yen)

	FY2012 (Actual)	FY2013 (Actual)	FY2014 (Actual)
Interest-bearing debt	270.8	281.5	308.2
Balance of financial expenses:			
Dividend income	0.8	1.0	1.3
Total	(2.0)	(1.9)	(1.1)

(4) Number of employees (End of fiscal year)

	FY2012	FY2013	FY2014
Consolidated	16,637	15,756	15,780

(5) Foreign Exchange Rate

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

	FY2012	FY2013	FY2014
JPY/US$	94	103	120
US$/EURO	1.28	1.38	1.08

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

	FY2012	FY2013	FY2014
JPY/US$	83	100	110
US$/EURO	1.29	1.34	1.26

(6) Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2013	FY2014
Bonalon ®	Osteoporosis	14.2	12.9
Feburic ®	Hyperuricemia and gout	11.4	15.5
Venilon ®	Severe infectious diseases	9.4	9.8
Mucosolvan ®	Expectorant	7.9	6.5
Onealfa ®	Osteoporosis	6.6	5.4
Laxoberon ®	Laxative	3.6	2.9
Tricor ®	Hyperlipidemia	1.7	1.7
Bonalfa ®	Psoriasis	1.3	1.1
Alvesco ®	Asthma	1.3	1.2
Somatuline ®	Acromegaly and pituitary gigantism	0.6	1.1

(7) Development status of new pharmaceuticals

(As of March 31, 2015)

Products	Indication	Stage
NA872ET (Mucosolvan®)	Expectorant	Approved in Japan in February 2015
GGS-ON (*Venilon* ®)	Optic neuritis	Ph III
GGS -MPA(*Venilon* ®)	Microscopic polyangitis	Ph III
GGS -CIDP(*Venilon* ®)	Chronic inflammatory demyelinating polyneuropathy	Ph III
TMX-67TLS(*Feburic* ®)	Tumor lysis syndrome	Ph III
TMX-67	Hyperuricemia and gout	Ph III (PRC)
ITM-014N (*Somatuline* ®)	Neuroendocrine tumor	Ph II
ITM-058	Osteoporosis	Ph II
PTR-36	Bronchial asthma	Ph II
KTP-001	Lumbar disc herniation	Ph I / II (US)
TMX-67XR (*Feburic* ®)	Hyperuricemia and gout	Ph I / II
TMG-123	TypeII Diabetes	Ph I

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

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

* KTP-001 was discovered and is under development by Teijin Pharma Limited and Kaketsuken (The Chemo-Sero-Therapeutic Research Institute), a general incorporated foundation, based on an enzyme engineered by Professor Hirotaka Haro of the University of Yamanashi's Graduate School of Medicine and Engineering Advanced Medical Science and Dr. Hiromichi Komori, assistant head of the Department of Orthopaedic Surgery at Yokohama City Minato Red Cross Hospital.