

# Consolidated Financial Statements Summary

(For the year ended March 31, 2019)

English translation from the original Japanese-language document

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

May 9, 2019

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(Amounts rounded to the nearest million yen)

## 1. Results of FY2018 (April 1, 2018 through March 31, 2019)

### (1) Consolidated financial results

(Percentages are year-on-year changes)

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2018	888,589	6.4	60,000	-14.1	60,264	-11.1	45,057	-1.1
FY2017	834,986	12.6	69,823	23.6	67,820	21.3	45,556	-9.1

cf. Comprehensive income; For FY 2018 :45,623 million yen ( For FY 2017 :66,144 million yen)

Period	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2018	232.39	214.35	11.2	6.0	6.8
FY2017	231.26	209.61	12.5	7.0	8.4

\*1 E.P.S.: Earnings per share \*2 ROE: Ratio of Profit (loss) attributable to owners of parent to Shareholders' equity

\*3 ROA: Ratio of Ordinary income to Total assets

cf. Equity on gain and losses of unconsolidated subsidiaries and affiliates; For FY2018: 434 million yen (FY2017: 1,215 million yen)

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of March 31, 2019	1,020,654	427,212	40.2	2,141.30
As of March 31, 2018	981,967	408,237	40.0	1,986.27

cf. Shareholders' equity as of March 31, 2019 : 410,727 million yen (As of March 31, 2018 : 392,925 million yen)

### (3) Consolidated cash flows

Period	From operating activities	From investing activities	From financing activities	Cash & cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2018	80,899	(41,288)	(15,353)	140,434
FY2017	80,092	(51,307)	(31,485)	116,158

## 2. Dividends

Period	Dividends per share					Total dividends paid (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1Q	2Q	3Q	4Q	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2017	—	30.00	—	30.00	60.00	11,837	25.9	3.2
FY2018	—	30.00	—	40.00	70.00	13,426	30.1	3.4
FY2019 (Outlook)	—	30.00	—	30.00	60.00		28.1	

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

## 3. Forecast for operating results of FY2019 (April 1, 2019 through March 31, 2020)

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

Period	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		E.P.S.
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY2019 interim	446,000	1.5	30,000	-17.1	30,000	-24.6	21,500	-36.6	112.09
FY2019	910,000	2.4	60,000	0.0	60,000	-0.4	41,000	-9.0	213.75

#### 4. Other information

(1) Changes in specific subsidiaries involving changes in the scope of consolidation: Yes

Barred consolidated subsidiaries: TEIJIN POLYCARBONATE SINGAPORE PTE Ltd.

(2) Shares issued (common stock)

Shares issued (including treasury stock) at end of term

As of March 31, 2019 197,953,707

As of March 31, 2018 197,953,707

Treasury stock

As of March 31, 2019 6,141,576

As of March 31, 2018 133,480

Average shares outstanding during the period

FY 2018 193,884,668

FY 2017 196,991,371

#### Reference: Individual results of FY2018 (April 1, 2018 through March 31, 2019)

(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	%
FY2018	133,493	14.3	9,239	-37.2	44,208	24.6	31,994	331.2
FY2017	116,825	-10.6	14,721	-0.7	35,493	44.1	7,420	-53.7

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2018	165.01	152.18
FY2017	37.67	34.02

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2018	563,455	249,249	44.1	1,295.63
FY2017	577,369	244,993	42.3	1,234.76

cf. Shareholders' equity as of March 31, 2019 : 248,518 million yen (As of March 31, 2018 : 244,261 million yen)

#### Appropriate Use of Forecasts and Other Information and Other Matters

All forecasts in this document are based on management's assumptions in light of information currently available and involve certain risks and uncertainties. Actual results to differ materially from these forecasts. For information on these forecasts, refer to "Outlook for FY 2019," beginning on page 3.

# 1. Qualitative Information

## ( 1 ) Qualitative Information on Results of Operations

### 1 ) Analysis of Consolidated Results of Operations

Global economic conditions in FY2018, ended March 31, 2019, saw an economic slowdown in Europe and the PRC, while there was continued moderate growth in the U.S., against the backdrop of uncertainties such as trade friction between the U.S. and the PRC. The Japanese economy continued to stage a modest recovery, mainly reflecting firm corporate earnings and improving employment conditions. The global economic outlook will need to be watched closely going forward.

In this environment, for FY2018, the Teijin Group posted lower earnings on higher sales in the Materials Business Field, mainly reflecting the impact of persistently high prices of raw materials and increased costs for the launch of projects in connection with new order intake in the composites business, despite firm sales. In the Healthcare Business Field, the Teijin Group posted slightly lower earnings on higher sales as growth in sales covered the impact of downward revisions to drug prices and medical fees and the absence of the upfront payment from Merck (¥3.0 billion) recorded in the previous fiscal year. Consolidated net sales totaled ¥888.6 billion, an increase of 6.4% year on year. Operating income decreased 14.1% to ¥60.0 billion. Ordinary income decreased 11.1% to ¥60.3 billion. Profit attributable to owners of parent decreased 1.1% to ¥45.1 billion and was almost same as the previous fiscal year.

### 2 ) Business Segment Results

#### I. Materials Business Field

*In the Materials Business Field, sales were ¥671.6 billion, up ¥46.7 billion year on year, while operating income was ¥23.5 billion, down ¥10.1 billion.*

#### **Material Business Group**

***Sales of aramid fibers were firm, and rising raw material prices in resin products and carbon fibers pushed down the profit.***

In Aramid Fibers, sales of *Twaron* para-aramid fibers were solid for automotive applications such as reinforcement materials for tires, as well as optical fiber applications. Sales of *Teijinconex* meta-aramid fibers were robust for use in automotive applications such as turbocharger hoses, as well as protective clothing and industrial applications.

In Carbon Fibers, sales of *TENAX* carbon fibers grew steadily for use in aircraft, with sales volume also increasing for pressure vessel applications and other uses. In compound applications, sales were slightly subdued because of the impact of market situation. In addition, rising raw material and fuel prices pushed down earnings.

In Resin and Plastics Processing, particularly our mainstay polycarbonate resin products, earnings were suppressed by the slowdown in demand and a rapid decline in market prices for polycarbonate since the second quarter, despite efforts to shift sales to high-value-added products.

In Films, *Purex*, which is used as a release film for manufacturing processes mainly for multilayer ceramic capacitors for smartphones and automotive electronics, continued to expand. Sales also remained favorable for PEN film for use in automobiles and electronic components.

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

***Increased raw material prices pushed down the profit despite brisk sales of functional apparel fiber material and others.***

In Fiber Materials and Apparel, sales of fabrics for sports and outdoor use were favorable, along with growth in sales from product businesses based on strategic materials such as *SOLOTEX*. However, sales of heavy winter apparel struggled due to unseasonable weather conditions, and rising raw material prices and logistics costs pressured earnings.

In Industrial Textiles and Materials, we resumed full-scale production of polyester yarn and cotton, which was transferred to Thailand through restructuring initiatives, along with posting firm sales of short staple cotton. However, sales of automotive materials such as airbag fabrics were sluggish, due to the impact of slowing growth in the PRC.

### ***Composites, Others***

***Sales increased due to favorable sales of automotive components in North America; however, one-time expenses increased.***

In Composites, we recorded firm sales of mass-produced automotive components led by Continental Structural Plastics Holdings Corporation for pickup trucks and SUVs, which performed well in North America, and for large trucks, for which the market showed signs of recovery. Meanwhile, earnings were pushed down by rising raw material prices and higher one-time expenses for launch of projects in connection with new order intake.

In Battery Materials, sales of *LIELSORT* lithium-ion battery (LIB) separators for consumer applications were sluggish mainly as a result of a slump in demand for use in smartphones.

## **II. Healthcare Business Field**

***Sales were firm, despite the impact of recording consideration for the licensing out of an investigational antibody candidate in Pharmaceuticals in the previous fiscal year***

*In the Healthcare Business Field, sales were ¥157.5 billion, up ¥2.1 billion year on year, while operating income was ¥35.5 billion, down slightly by ¥0.5 billion.*

In Pharmaceuticals, the sales were affected by the downward revisions to drug prices in the domestic market. In this climate, sales of hyperuricemia and gout treatment *FEBURIC* (febuxostat), the transdermal anti-inflammatory analgesic patch formulation *LOQOA* tape, and *Somatuline*®, a treatment for acromegaly, continued to expand steadily.

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

In Home Healthcare, we maintained a high level of rental volume for therapeutic oxygen concentrators for home oxygen therapy (HOT), enhancing the lineup of portable oxygen concentrators (*Hi-Sanso Portable α (alpha)*, *Hi-Sanso Portable α II*). Rental volume for continuous positive airway pressure (CPAP) units for the treatment of sleep apnea syndrome (SAS) increased favorably, mainly due to increasing the appeal of *NemLink*, a monitoring system for CPAP units that uses mobile phone networks, and to the use of the SAS-2100 sleeping pattern analysis devices.

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

a solid business performance.

### **III. Others**

***In Others, sales were ¥59.5 billion, up ¥4.7 billion year on year, and operating income was ¥7.2 billion, up ¥1.0 billion.***

In IT, the Digital Entertainment category saw a strong performance by the *Meccha Comics* e-comics distribution service. *Meccha Comics* delivered record-high sales as a result of efforts to maximize advertising effectiveness through data analysis, in addition to enhancing partnerships with publishing companies through such means as exclusive pre-release e-comics distribution campaigns and sales of tie-up magazines. In the IT services category, we posted firm sales of work management systems for hospitals in connection with measures to address work style reforms.

## **( 2 ) Analysis of Assets, Liabilities and Net Assets**

Total assets as of March 31, 2019 amounted to ¥1,020.7 billion, up ¥38.7 billion from the end of FY2017. The main reason for the increase in total assets was an increase in working capital.

Total liabilities amounted to ¥593.4 billion, up ¥19.7 billion from the end of FY2017. One main component of this change was an increase in short-term loans payable.

Total net assets amounted to ¥427.2 billion, up ¥19.0 billion from the end of FY2017. This was mainly due to profit attributable to owners of parent, which was partly offset by a decrease due to the acquisition of own shares, among other factors.

## **( 3 ) Analysis of Cash Flows**

Net cash and cash equivalents provided by operating activities in FY2018 amounted to ¥80.9 billion. This result reflected income before income taxes, along with the impact of non-cash items such as depreciation and amortization.

Net cash and cash equivalents used in investing activities amounted to ¥41.3 billion, owing mainly to capital expenditures including outlays for growth and transformation strategies, and sale of shares for which the significance of ownership decreased.

Net cash and cash equivalents used in financing activities amounted to ¥15.4 billion, mainly due to the repayment of long-term loans payable 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 ¥24.3 billion as of March 31, 2019.

## **( 4 ) Outlook for FY2019**

Looking at our consolidated full-term operating results forecasts for FY2019, we are forecasting net sales of ¥910.0 billion, up 2.4% from FY2018. We also forecast operating income of ¥60.0 billion, unchanged from FY2018 and ordinary income of ¥60.0 billion, down 0.4%. Profit attributable to owners of parent is forecast at ¥41.0 billion, down 9.0% from FY2018. These forecasts assume exchange rates of ¥110 to US\$1.00 and ¥125 to €1.00 and an average Dubai crude oil price of US\$65 per barrel.

(Billions of yen/ %)

Full-term operating results forecasts for FY2019	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
FY2019 forecast (A)	910.0	60.0	60.0	41.0
FY2018 (B)	888.6	60.0	60.3	45.1
Change (A-B)	+21.4	0.0	-0.3	-4.1
Percentage change	+2.4%	0.0%	-0.4%	-9.0%

(For reference)

(Billions of yen)

Segment results forecasts for FY2019	Net sales		Operating income	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Materials	340.0	696.0	13.0	28.5
Healthcare	76.0	150.0	17.5	31.0
Others	30.0	64.0	2.5	7.5
Elimination and corporate	-	-	(3.0)	(7.0)
Consolidated total	446.0	910.0	30.0	60.0

(For reference)

Key Financial Indicators	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (Forecast)
ROE (%)	-2.8%	10.6%	15.7%	12.5%	11.2%	10%
ROIC based on operating income (%)	7.1%	12.7%	10.0%	11.2%	9.3%	9%
EBITDA (Billions of yen)	82.1	106.0	95.8	115.5	107.6	115.0

Note:

ROE= Profit attributable to owners of parent / Average\* total shareholders' equity

\* ((Beginning balance + Ending balance) / 2)

ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

EBITDA = Operating income + Depreciation &amp; amortization

**( 5 ) Policy Regarding the Payment of Dividends,  
Dividends Declared for FY2018 and Dividend Forecast for FY2019**

**1) Policy Regarding the Payment of Dividends**

Our basic policy for profit sharing is to ensure dividends are in line with consolidated operating results, targeting a consolidated payout ratio of 30% for the medium term. We will also determine dividends by giving 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.

**2) Dividends Declared for FY2018 and Dividend Forecast for FY2019**

The Company marked its founding centennial in FY2018. Accordingly, as a means of expressing our appreciation to shareholders, we declared a commemorative dividend of ¥10 per share at the end of FY2018. This brought the year-end dividend for FY2018 to ¥40 per share, comprising an ordinary dividend of ¥30 per share and the commemorative dividend of ¥10 per share. As a result, the full-term dividends for FY2018, including an interim dividend of ¥30 per share, were ¥70 per share.

Looking at dividends for FY2019, taking into account our consolidated operating results forecasts for FY2019, we currently expect to declare an interim dividend of ¥30 per share and a year-end dividend of ¥30 per share, for full-term dividends of ¥60 per share.

## 2. Management Policies

### ( 1 ) Basic Management Policies of the Teijin Group

As declared in the Teijin Group's corporate philosophy, 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. At the same time, our corporate philosophy commits us to Grow In Harmony With Society, and to Grow By Empowering Our People. Accordingly, as our long-term vision, we pledge to create the new value needed by society by utilizing its workforce diversity, thereby aiming to become "A Company that Supports the Society of the Future."

### ( 2 ) Tasks Ahead and Medium & Long-Term strategies

In February 2017, we announced our new medium-term management plan for 2017–2019, named "ALWAYS EVOLVING," for enhanced competitiveness, improving fundamental earnings power through growth strategies, establishing new core businesses through transformation strategies and strengthening group-wide management systems.

#### 1) Long-Term Vision

##### I. Evolve for future society as a company that delivers new value

###### ◆ A company that helps to solve social issues

Teijin will develop business opportunities by leveraging strengths in core priority fields to help society address pressing issues.

###### Core priority fields for business development

Environmental value solutions	Supply weight-reducing materials that enhance environmental performance for transportation
Safety, security and disaster mitigation solutions	Enhance disaster-readiness measures and social infrastructure development
Demographic change and increased health consciousness solutions	Support health maintenance and enhancement in response to the progression of demographic change and increasing lifestyle diseases

###### ◆ A company that achieves continuous transformation by anticipating changes in the external environment

In an increasingly uncertain external environment, Teijin will take the initiative to contribute to evolution, instead of chasing trends, for sustainable growth.

###### ◆ A company that continues to create new value at all times

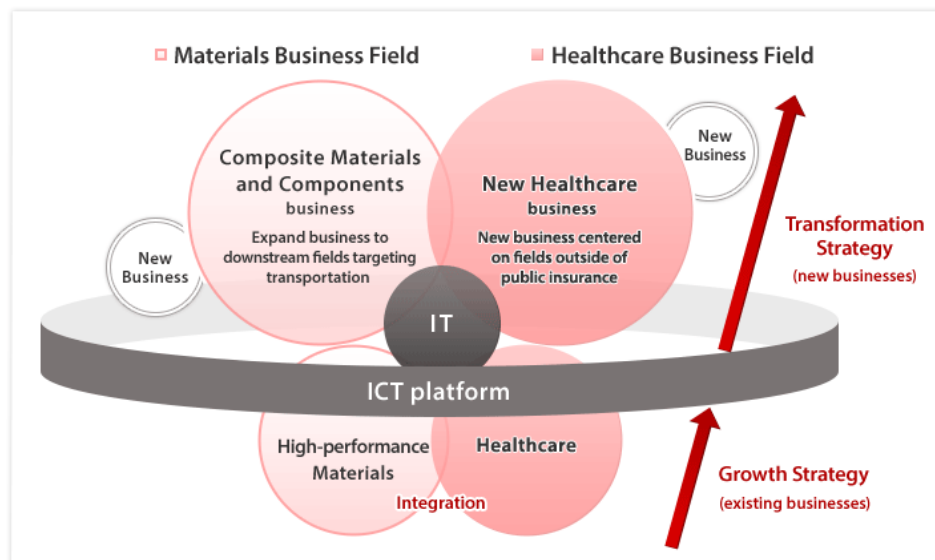
Teijin will create products and services that accelerate the evolution of society.

\* The Company is proactively working to provide Environmental Value Solutions and conduct activities such as initiatives to reduce its environmental impact. In March 2019 the Company announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which has been established by the Financial Stability Board (FSB). Looking ahead, the Company will enhance and increase the disclosure of information on the risks and opportunities that climate change will impart to the Teijin Group's businesses.



## 2) Business Strategies in Medium-Term Management Plan for 2017-2019 (announced on February 2017)

Teijin implements both growth and transformation strategies focusing on the materials and healthcare business fields as the pillars of its operations and develops new businesses that are not yet contributing to profits at present into its core earnings sources, without merely relying on the continuation of existing businesses.



## 3) Performance Targets

New key performance indicators (KPI) was established with an emphasis on both investment efficiency and earnings power. Teijin emphasizes ROE and ROIC based on operating income as profitability indicators and EBITDA as a growth indicator. Other KPI including non-financial information was established, such as net sales from transformation strategy projects and degree of diversity promotion, to visualize and measure business portfolio transformation. Performance targets to FY2019 are shown below:

ROE	10%+
ROIC based on operating income	8%+
EBITDA	Over ¥120 billion

Note:

ROE= Profit attributable to owners of parent / Average\* total shareholders' equity

\* ([Beginning balance + Ending balance] / 2)

ROIC based on operating income = Operating income / invested capital (Net assets + Interest-bearing debt – Cash and deposits)

EBITDA = Operating income + Depreciation & amortization

### 3. 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 and service names in this report are trademarks or registered trademarks of the Teijin Group in Japan and/or other countries, or, where noted, are protected as the trademarks and/or trade names of other companies.*

## 4. Financial Statements

### ( 1 ) Consolidated Balance Sheets

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
<b>&lt; Assets &gt;</b>		
<b>Current assets</b>		
Cash and deposits	96,418	100,592
Notes and accounts receivable-trade	177,777	194,241
Securities	14,000	33,000
Merchandise and finished goods	91,258	98,727
Work in process	10,828	11,556
Raw materials and supplies	34,179	35,597
Short-term loans receivable	13,126	14,208
Other current assets	40,852	36,515
Allowance for doubtful accounts	(578)	(582)
<b>Total</b>	<b>477,859</b>	<b>523,854</b>
<b>Noncurrent assets</b>		
<b>Tangible assets</b>		
Buildings and structures, net	60,107	64,159
Machinery and equipment, net	94,870	105,908
Land	42,092	43,334
Construction in progress	20,608	30,827
Other, net	22,613	23,658
<b>Total</b>	<b>240,289</b>	<b>267,887</b>
<b>Intangible assets</b>		
Goodwill	27,192	32,845
Other	33,149	36,664
<b>Total</b>	<b>60,341</b>	<b>69,510</b>
<b>Investments and other assets</b>		
Investment securities	127,721	96,179
Long-term loans receivable	2,986	1,272
Net defined benefit asset	39,576	31,382
Deferred tax assets	10,675	7,521
Other	24,622	24,719
Allowance for doubtful accounts	(2,102)	(1,670)
<b>Total</b>	<b>203,479</b>	<b>159,403</b>
<b>Total noncurrent assets</b>	<b>504,108</b>	<b>496,800</b>
<b>Total assets</b>	<b>981,967</b>	<b>1,020,654</b>

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
<b>&lt; Liabilities &gt;</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	92,383	93,499
Short-term loans payable	66,291	104,265
Current portion of long-term loans payable	16,175	7,662
Current portion of bonds	17,986	15,000
Income taxes payable	5,111	6,879
Provision for business structure improvement	9,572	81
Accrued expenses	24,617	23,542
Other	44,051	49,277
<b>Total</b>	<b>276,186</b>	<b>300,205</b>
<b>Noncurrent liabilities</b>		
Bonds payable	35,053	20,039
Long-term loans payable	207,163	220,583
Net defined benefit liability	35,650	37,553
Asset retirement obligations	1,426	2,645
Deferred tax liabilities	5,058	3,539
Other	13,194	8,878
<b>Total</b>	<b>297,544</b>	<b>293,237</b>
<b>Total liabilities</b>	<b>573,730</b>	<b>593,442</b>
<b>&lt;Net assets&gt;</b>		
<b>Shareholders' equity</b>		
Capital stock	71,833	71,833
Capital surplus	104,685	104,256
Retained earnings	202,413	235,324
Treasury stock	(167)	(13,412)
<b>Total</b>	<b>378,765</b>	<b>398,000</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	28,377	26,720
Deferred gains or losses on hedges	903	(52)
Foreign currency translation adjustment	(14,815)	(11,402)
Remeasurements of defined benefit plans	(305)	(2,538)
<b>Total</b>	<b>14,160</b>	<b>12,728</b>
<b>Subscription rights to shares</b>	<b>860</b>	<b>889</b>
<b>Non-controlling interests</b>	<b>14,453</b>	<b>15,595</b>
<b>Total net assets</b>	<b>408,237</b>	<b>427,212</b>
<b>Total liabilities and net assets</b>	<b>981,967</b>	<b>1,020,654</b>

## ( 2 ) Consolidated Statements of Income

(Millions of yen)

	FY2017 (Apr. 2017-Mar. 2018)	FY2018 (Apr. 2018-Mar. 2019)
<b>Net sales</b>	<b>834,986</b>	<b>888,589</b>
Cost of sales	565,689	620,715
<b>Gross profit</b>	<b>269,297</b>	<b>267,874</b>
Selling, general and administrative expenses	199,474	207,874
<b>Operating income</b>	<b>69,823</b>	<b>60,000</b>
Non-operating income		
Interest income	967	973
Dividends income	2,035	2,320
Equity in earnings of affiliates	1,215	434
Foreign exchange gains	601	—
Gain on valuation of derivatives	—	2,424
Miscellaneous income	1,178	1,089
Total	5,996	7,240
Non-operating expenses		
Interest expenses	2,646	3,499
Foreign exchange losses	—	846
Contribution	588	494
Loss on valuation of derivatives	3,109	—
Miscellaneous loss	1,656	2,138
Total	7,999	6,977
<b>Ordinary income</b>	<b>67,820</b>	<b>60,264</b>
Extraordinary income		
Gain on sales of noncurrent assets	5,595	300
Gain on sales of investment securities	586	4,849
Reversal of provision for business structure improvement	377	34
Settlement received	—	4,500
Other	193	241
Total	6,752	9,924
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	4,147	2,325
Loss on valuation of investment securities	89	246
Impairment loss	1,076	5,990
Business structure improvement expenses	828	29
Other	538	1,237
Total	6,678	9,828
<b>Income before income taxes</b>	<b>67,894</b>	<b>60,360</b>
Income taxes - current	11,269	13,834
Income taxes - deferred	9,524	(271)
Total	20,793	13,563
<b>Profit</b>	<b>47,101</b>	<b>46,797</b>
Profit attributable to non-controlling interests	1,545	1,740
<b>Profit attributable to owners of parent</b>	<b>45,556</b>	<b>45,057</b>

**(Consolidated Statements of Comprehensive Income)**

(Millions of yen)

	FY2017 (Apr. 2017-Mar. 2018)	FY2018 (Apr. 2018-Mar. 2019)
<b>Profit</b>	<b>47,101</b>	<b>46,797</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,854	(1,412)
Deferred gains or losses on hedges	1,180	(956)
Foreign currency translation adjustment	8,679	4,382
Remeasurements of defined benefit plans, net of tax	863	(2,275)
Share of other comprehensive income of associates accounted for using equity method	1,468	(913)
<b>Total</b>	<b>19,043</b>	<b>(1,174)</b>
<b>Comprehensive income</b>	<b>66,144</b>	<b>45,623</b>
Comprehensive income attributable to :		
Owners of parent	64,200	43,625
Non-controlling interests	1,945	1,999

### (3) Consolidated Statement of Changes in Net Assets

FY2017 (Apr. 2017 - Mar. 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2017	70,816	103,664	168,661	(275)	342,867
Changes of items during the period					
Conversion of convertible bonds	1,016	1,016			2,032
Dividends from surplus			(11,804)		(11,804)
Profit attributable to owners of parent			45,556		45,556
Purchase of treasury stock				(22)	(22)
Disposal of treasury stock		5		130	135
Net changes of items other than shareholders' equity					
Total	1,016	1,021	33,752	108	35,897
Balance at March 31, 2018	71,833	104,685	202,413	(167)	378,765

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2017	21,842	(276)	(24,889)	(1,160)	(4,483)	862	12,584	351,830
Changes of items during the period								
Conversion of convertible bonds								2,032
Dividends from surplus								(11,804)
Profit attributable to owners of parent								45,556
Purchase of treasury stock								(22)
Disposal of treasury stock								135
Net changes of items other than shareholders' equity	6,535	1,180	10,074	854	18,643	(2)	1,869	20,510
Total	6,535	1,180	10,074	854	18,643	(2)	1,869	56,408
Balance at March 31, 2018	28,377	903	(14,815)	(305)	14,160	860	14,453	408,237

### (3) Consolidated Statement of Changes in Net Assets

FY2018 (Apr. 2018 - Mar. 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2018	71,833	104,685	202,413	(167)	378,765
Changes of items during the period					
Dividends from surplus			(11,688)		(11,688)
Profit attributable to owners of parent			45,057		45,057
Purchase of treasury stock				(20,039)	(20,039)
Disposal of treasury stock		(624)		6,793	6,169
Transfer of loss on disposal of treasury shares		459	(459)		—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(264)			(264)
Net changes of items other than shareholders' equity					
Total	—	(429)	32,910	(13,246)	19,235
Balance at March 31, 2019	71,833	104,256	235,324	(13,412)	398,000

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total			
Balance as of March 31, 2018	28,377	903	(14,815)	(305)	14,160	860	14,453	408,237
Changes of items during the period								
Dividends from surplus								(11,688)
Profit attributable to owners of parent								45,057
Purchase of treasury stock								(20,039)
Disposal of treasury stock								6,169
Transfer of loss on disposal of treasury shares								—
Change in treasury shares of parent arising from transactions with non-controlling shareholders								(264)
Net changes of items other than shareholders' equity	(1,658)	(955)	3,413	(2,232)	(1,432)	29	1,143	(260)
Total	(1,658)	(955)	3,413	(2,232)	(1,432)	29	1,143	18,975
Balance at March 31, 2019	26,720	(52)	(11,402)	(2,538)	12,728	889	15,595	427,212



(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 (Apr. 2017-Mar. 2018)	FY2018 (Apr. 2018-Mar. 2019)
<b>Cash flows from operating activities</b>		
Income before income taxes	67,894	60,360
Depreciation and amortization	45,655	47,551
Impairment loss	1,076	5,990
Increase (decrease) in net defined benefit liability	2,179	1,911
Decrease (increase) in net defined benefit asset	(2,781)	4,985
Increase in investment securities due to retirement benefit trust return	—	(6,099)
Increase (decrease) in allowance for doubtful receivables	(101)	(27)
Increase (decrease) in provision for business structure improvement	(16,485)	(1,202)
Interest and dividends income	(3,002)	(3,293)
Interest expenses	2,646	3,499
Equity in (earnings) losses of affiliates	(1,215)	(434)
Loss (gain) on valuation of derivatives	3,109	(2,424)
Loss (gain) on sales and retirement of noncurrent assets	(1,449)	2,025
Loss (gain) on sales of investment securities	(585)	(4,845)
Loss (gain) on valuation of investment securities	89	246
Settlement received	—	(4,500)
Decrease (increase) in notes and accounts receivable-trade	(10,813)	(13,751)
Decrease (increase) in inventories	(11,295)	(8,187)
Increase (decrease) in notes and accounts payable-trade	12,307	(1,343)
Other, net	5,031	724
<b>Subtotal</b>	<b>92,259</b>	<b>81,185</b>
Interest and dividends income received	5,968	7,751
Interest expenses paid	(2,565)	(3,493)
Settlement package received	—	4,500
Income taxes paid	(15,571)	(9,044)
<b>Net cash and cash equivalents provided by operating activities</b>	<b>80,092</b>	<b>80,899</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(42,605)	(55,599)
Proceeds from sales of property, plant and equipment	10,143	310
Purchase of intangible assets	(3,431)	(3,328)
Purchase of investment securities	(5,161)	(3,620)
Proceeds from sales of investment securities	690	40,357
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,942)	(16,411)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	1,056
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(3,685)	—
Decrease (increase) in short-term loans receivable	(529)	(489)
Payments of long-term loans receivable	(868)	(532)
Collections of long-term loans receivable	300	93
Other, net	(4,219)	(3,125)
<b>Net cash and cash equivalents used in investing activities</b>	<b>(51,307)</b>	<b>(41,288)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	10,619	31,433
Redemption of bonds	—	(11,910)
Proceeds from long-term loans payable	16,051	25,918
Repayment of long-term loans payable	(45,831)	(27,858)
Purchase of treasury shares	(21)	(20,039)
Cash dividends paid	(11,804)	(11,688)
Cash dividends paid to non-controlling interests	(287)	(436)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(477)
Other, net	(212)	(296)
<b>Net cash and cash equivalents provided by financing activities</b>	<b>(31,485)</b>	<b>(15,353)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,309</b>	<b>(184)</b>
Net increase (decrease) in cash and cash equivalents	(1,392)	24,074
<b>Cash and cash equivalents at beginning of period</b>	<b>117,550</b>	<b>116,158</b>
Increase in cash and cash equivalents resulting from change of scope of consolidation	—	202
<b>Cash and cash equivalents at end of period</b>	<b>116,158</b>	<b>140,434</b>

## 5. Segment and Other Information

### Notes Pertaining to Going Concern Assumption:

None

### Change in Presentation Methods

*The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets have been presented under investments and other assets, and deferred tax liabilities have been presented under noncurrent liabilities.*

*As a result, in the consolidated balance sheet as of March 31, 2018, deferred tax assets under current assets have decreased by ¥11,874 million and deferred tax assets under investments and other assets have increased by ¥7,657 million. In addition, deferred tax liabilities under current liabilities have decreased by ¥52 million and deferred tax liabilities under noncurrent liabilities have decreased by ¥4,165 million.*

*The deferred tax assets and deferred tax liabilities of the same taxable entity have been offset and presented on a net basis. Accordingly, total assets have decreased by ¥4,218 million compared with total assets under the method before the change.*

## Segment Information, etc.

### (1) Segment Information

#### 1) 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 fields, based on type of product, nature of business and services provided. The business fields formulate product and service strategies in a comprehensive manner in Japan and overseas. Accordingly, the Company divides its operations into reportable operating segments on the same basis as it uses internally.

The Materials Business involves the production and sale of aramid fibers, carbon fibers, polycarbonate resin, polyester films, polyester fibers, fiber products, and composites, while the Healthcare Business includes the production and sale of pharmaceuticals and medical devices, as well as the production and rental of home healthcare devices and the provision of home healthcare services.

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

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.

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

FY2017 results (Apr. 2017 - Mar. 2018)

(Millions of yen)

	Reportable operating segments			Others <sup>1</sup>	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	624,812	155,371	780,183	54,803	834,986
2) Intersegment transactions or transfers	1,164	3	1,167	9,122	10,289
Net sales	625,976	155,374	781,350	63,925	845,275
Segment income	33,627	35,942	69,569	6,138	75,707
Segment asset	617,123	168,428	785,551	97,872	883,423
Other items					
Depreciation <sup>2</sup>	27,124	10,992	38,116	1,774	39,890
Amortization of goodwill	4,218	266	4,484	—	4,484
Investments in associates accounted for using equity method	12,224	2,027	14,251	25,656	39,907
Increase in tangible and intangible fixed assets <sup>2</sup>	30,010	12,571	42,581	1,651	44,232

(Notes)

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

2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

FY2018 results (Apr. 2018 - Mar. 2019)

(Millions of yen)

	Reportable operating segments			Others <sup>1</sup>	Total
	Materials	Healthcare	Subtotal		
Sales					
1) External customers	671,558	157,511	829,069	59,520	888,589
2) Intersegment transactions or transfers	835	16	851	8,576	9,428
Net sales	672,394	157,527	829,920	68,096	898,017
Segment income	23,494	35,452	58,946	7,162	66,108
Segment asset	681,428	132,728	814,155	95,760	909,915
Other items					
Depreciation <sup>2</sup>	28,180	11,557	39,737	1,733	41,470
Amortization of goodwill	4,721	261	4,982	—	4,982
Investments in associates accounted for using equity method	12,333	1,222	13,555	24,394	37,949
Increase in tangible and intangible fixed assets <sup>2</sup>	47,199	13,249	60,449	1,885	62,334

(Notes)

1. "Others," which includes the IT business, does not qualify as a reportable operating segment.
2. Depreciation and Increase in tangible and intangible fixed assets included long-term prepaid expenses and their amortization.

#### 4) Reconciliation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2017	FY2018
Reportable operating segments	781,350	829,920
Others segment	63,925	68,096
Elimination of intersegment transactions	(10,289)	(9,428)
Net sales	834,986	888,589

(Millions of yen)

Operating income	FY2017	FY2018
Reportable operating segments	69,569	58,946
Others segment	6,138	7,162
Elimination of intersegment transactions	(38)	105
Corporate expenses*	(5,846)	(6,213)
Operating income	69,823	60,000

(Notes)

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

(Millions of yen)

Assets	FY2017	FY2018
Reportable operating segments	785,551	814,155
Others segment	97,872	95,760
Corporate assets not allocated to segments*	163,096	180,280
Other	(64,552)	(69,541)
Total assets	981,967	1,020,654

(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	
	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017	FY2018
Depreciation	38,116	39,737	1,774	1,733	1,281	1,098	41,171	42,568
Amortization of goodwill	4,484	4,982	—	—	—	—	4,484	4,982
Investments in associates accounted for using equity method	14,251	13,555	25,656	24,394	—	—	39,907	37,949
Increase in tangible fixed assets and intangible fixed assets	42,581	60,449	1,651	1,885	378	494	44,610	62,828

**(2) Related Information****1) FY2017 results (Apr. 2017 - Mar. 2018)****Information by product/service**

Sales to external customers (Millions of yen)

Material	Polyester Fibers & Trading and Retail	Composites, others	Healthcare	Others	Total
254,077	293,214	77,521	155,371	54,803	834,986

Note: The Materials Business is a reportable operating segment including the categories of "Material", "Polyester Fibers & Trading and Retail", and "Composites, others". The Material category involves the production and sale of aramid fibers, carbon fibers, polycarbonate resin and polyester films.

**Information by geographical segment****I. Sales**

(Millions of yen)

Japan	PRC	U.S.	Asia	Americas (ex-U.S.)	Europe, others	Total
464,088	106,879	107,136	72,411	16,541	67,931	834,986

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

**II. Tangible fixed assets**

(Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
127,307	34,693	26,470	18,025	23,883	4,830	5,079	240,289

**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.

**2) FY2018 results (Apr. 2018 - Mar. 2019)****Information by product/service**

Sales to external customers (Millions of yen)

Material	Polyester Fibers & Trading and Retail	Composites, others	Healthcare	Others	Total
263,932	318,271	89,356	157,511	59,520	888,589

Note: The Materials Business is a reportable operating segment including the categories of "Material", "Polyester Fibers & Trading and Retail", and "Composites, others". The Material category involves the production and sale of aramid fibers, carbon fibers, polycarbonate resin and polyester films.

**Information by geographical segment****I. Sales**

(Millions of yen)

Japan	PRC	U.S.	Asia	Americas (ex-U.S.)	Europe, others	Total
500,160	105,077	113,853	74,773	21,260	73,465	888,589

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

**II. Tangible fixed assets**

(Millions of yen)

Japan	U.S.	Netherlands	PRC	Asia	Europe	Americas (ex-U.S.)	Total
134,399	46,688	27,150	19,354	23,958	11,532	4,806	267,887

**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.

**(3) Loss on Impairment by Reportable Segment****1) FY2017 results (Apr. 2017 - Mar. 2018)**

(Millions of yen)

	Materials	Healthcare	Others	Elimination and corporate	Total
Impairment loss	699	—	24	354	1,076

**2) FY2018 results (Apr. 2018 - Mar. 2019)**

(Millions of yen)

	Materials	Healthcare	Others	Elimination and corporate	Total
Impairment loss	4,272	—	158	1,561	5,990

**(4) Goodwill by Reportable Segment****1) FY2017 results (Apr. 2017 - Mar. 2018)**

(Millions of yen)

	Materials	Healthcare	Others	Elimination and corporate	Total
Amortization of goodwill in FY2017	4,218	266	—	—	4,484
Balance as of March 31, 2018	26,315	876	—	—	27,192

**2) FY2018 results (Apr. 2018 - Mar. 2019)**

(Millions of yen)

	Materials	Healthcare	Others	Elimination and corporate	Total
Amortization of goodwill in FY2018	4,721	261	—	—	4,982
Balance as of March 31, 2019	32,230	615	—	—	32,845