TEIJIN
Human Chemistry, Human Solutions

Consolidated Financial Statements Summary

(For the year ended March 31, 2014)
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, 2014

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(Amounts less than one million yen are omitted)

1. Results of FY2013 (April 1, 2013 through March 31, 2014)

(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	%
FY2013	784,424	5.2	18,078	46.3	19,887	103.2	8,356	—
FY2012	745,712	–12.7	12,357	–63.7	9,786	–71.5	(29,130)	—

cf. Comprehensive income (loss): 13,232 million yen (FY2012: (14,424) million yen)

	E.P.S. *1	Diluted E.P.S.	ROE *2	ROA *3	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	8.50	8.48	3.0	2.6	2.3
FY2012	(29.61)	—	(10.3)	1.3	1.7

*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: 4,181 million yen (FY2012: 572 million yen)

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2013	768,411	300,112	36.7	286.62
FY2012	762,399	292,127	35.6	275.99

cf. Shareholders' equity: 281,680 million yen(FY2012: 271,251million 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
FY2013	38,586	(47,278)	(7,902)	32,975
FY2012	64,305	(37,867)	(12,605)	48,700

2. Dividends

	Dividends per share					Total dividends paid	Payout ratio	Dividend on equity
Period	1Q	2Q	3Q	4Q	Annual	(Annual)	(Consolidated)	(Consolidated)
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2012	—	2.00	—	2.00	4.00	3,934	—	1.4
FY2013	—	2.00	—	2.00	4.00	3,931	47.0	1.4
FY2014 (Outlook)	—	2.00	—	2.00	4.00		39.3	

Note: Dividends have not yet been determined

3. Forecast for operating results in the year ending March 31, 2015 (Fiscal 2014)

(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
FY2014 interim	375,000	–1.8	8,000	54.2	7,000	70.6	2,500	–45.3	2.54
FY2014	780,000	–0.6	25,000	38.3	22,500	13.1	10,000	19.7	10.17

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 2013 984,758,665
End of fiscal 2012 984,758,665

Treasury stock
End of fiscal 2013 1,995,089
End of fiscal 2012 1,926,149

Average shares outstanding during the period
Fiscal 2013 982,860,666
Fiscal 2012 983,747,565

Reference: Individual results of FY2013 (April 1, 2013 through March 31, 2014)

(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	%
FY2013	167,711	115.5	3,261	–	16,018	–44.7	17,540	–
FY2012	77,807	49.2	(5,030)	–	28,976	48.9	(4,295)	–

	E.P.S.	Diluted E.P.S.
	Yen	Yen
FY2013	17.85	17.79
FY2012	(4.37)	–

(2) Individual financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
FY2013	450,920	234,278	51.8	237.66
FY2012	455,716	223,956	49.0	227.21

cf. Shareholders' equity: 233,566 million yen (FY2012: 223,307 million yen)

1. Qualitative Information and Financial Statements

Qualitative Information on Results of Operations

Analysis of Consolidated Results of Operations

While the pace of economic growth in developed countries, particularly the United States, saw a gradual return to stability, growth worldwide lacked strength in fiscal 2013, ended March 31, 2014, as conditions in emerging economies, notably the People's Republic of China (PRC), remained generally weak. In Japan, signs of revival persisted, shored up by firm domestic demand, but a self-sustained recovery remained elusive, owing to a variety of factors, including the weakness of both exports and capital investment.

In this environment, consolidated net sales rose 5.2%, to ¥784.4 billion. Despite sagging results in the Electronics Materials and Performance Polymer Products segment, operating income climbed 46.3%, to ¥18.1 billion, as results in the Advanced Fibers and Composites segment recovered. Ordinary income, at ¥19.9 billion, was approximately double the fiscal 2012 result, an improvement attributable to the positive impact of an adjustment for tax effect accounting on the results of equity method affiliates, among others. Net income amounted to ¥8.4 billion, up from a net loss of ¥29.1 billion in fiscal 2012, owing to the impact of extraordinary items, which included a gain on sales of investment securities and a decrease in impairment loss on fixed assets. Net income per share was ¥8.50.

Business Segment Results

Advanced Fibers and Composites

Sales in the Advanced Fibers and Composites segment totaled ¥123.6 billion, while operating income was ¥5.7 billion.

High-Performance Fibers

Demand recovered, led by that for automotive applications.

Sales of *Twaron* para-aramid fibers for automotive applications, including tires, recovered in Europe, while sales for infrastructure-related applications, including optical fiber and rope reinforcements, were firm. In contrast, demand for use in ballistic protection products and protective clothing remained lackluster, while pricing competition for all applications intensified. Demand for *Technora* para-aramid fibers was stable in Japan for automotive applications, while the weakening of the yen enhanced the profitability of exports. *Teijinconex* meta-aramid fibers benefited from firm demand for industrial applications, while demand for use in filters expanded despite mounting competition. In polyester fibers for industrial applications, solid sales for automotive and certain other applications helped revive income at our subsidiary in Thailand, but profitability in Japan was hampered by rising prices for a number of raw materials.

Under these circumstances, we resolved to commercialize a new type of meta-aramid fiber offering superior heat resistance and dyeability and proceeded with preparations to begin production in Thailand in July 2015. Against a background of increasingly stringent regulations pertaining to heat-resistant materials and environmental safety, we will focus on expanding our business in promising Asian markets and emerging economies. In the PRC, our polyester recycling joint venture in Zhejiang Province pushed ahead with the construction of a new facility in preparation for the start of operations in fiscal 2014.

Carbon Fibers and Composites
Sales for principal applications were encouraging.

Demand for *TENAX* carbon fibers for use in aircraft remained firm, while among general industrial applications demand for use in pressure vessels for natural gas extraction was favorable in North America, supported by the expansion of shale gas development. However, demand for other applications languished, reflecting the uncertain economic outlook in Europe and the PRC. Sales prices, persistently low in recent years, showed signs of recovering, although the outlook remained difficult to gauge, owing to sales offensives by other manufacturers, particularly late market entrants overseas. In this environment, steps aimed at strengthening our operations in promising Asian markets, notably India and the Association of Southeast Asian Nations (ASEAN) region, proceeded smoothly. These include the establishment in July 2013 of Toho Tenax Singapore Pte. Ltd.

During the period, the Teijin Composites Innovation Center—a facility in Matsuyama, Ehime Prefecture, that spearheads research in the area of advanced composite materials—sought to cultivate markets for our new thermoplastic carbon fiber-reinforced plastic (CFRP), which is marketed under the brand name *Sereebo*, an acronym for "save the earth, revolutionary and evolutionary carbon." Efforts focused particularly on carving out markets for automotive and general industrial applications. Underscoring its revolutionary nature, *Sereebo* was chosen for use in the structural components of several new digital single-lens reflex (SLR) cameras. Going forward, we will further capitalize on the ability of CFRP to reduce the weight of finished products to promote *Sereebo*'s use in structural components for mass-produced vehicles, which we see as a significant latent market. To this end, our thermoplastic CFRP pilot plant, situated within the Matsuyama Plant, 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 steady progress on both fronts.

Electronics Materials and Performance Polymer Products
The Electronics Materials and Performance Polymer Products segment reported sales of ¥179.4 billion and an operating loss of ¥7.2 billion.

Resin and Plastics Processing
A supply–demand imbalance persisted for polycarbonate resin.

Pricing competition in the market for mainstay polycarbonate resin intensified, owing to sluggish demand—a consequence of decelerating growth in the PRC, among others—and moves by competitors to maintain operating rates and implement year-end inventories adjustments. Under these circumstances, we sought to preserve sales volumes through flexible pricing and to reduce costs by suspending production on certain lines at our plant in Singapore. Despite these actions, profitability was severely undermined.

In the area of specialty polycarbonate resin, sales were steady in Taiwan, the PRC and the Republic of Korea (ROK) for use in lenses for smartphone and mobile phone cameras and for onboard vehicle cameras. In processed plastics products, sales of *Panlite Sheet* were encouraging for use in dummy cans for vending machines, automotive instrument panels and motorcycle windshields, as were sales of *PURE-ACE* polycarbonate retardation film for use as antireflective film in vehicle navigation systems. In plastic glazing*, in October 2013 Nissan Motor Company began using *Panlite* polycarbonate resin for the driver–passenger partition in its NV200 taxicabs, which it markets to taxi operators in New York City. With the goal of building plastic glazing into a full-scale business, we also took steps to create a dedicated production configuration. Other highlights included the addition of *Fireguard FCX-210*, a new phosphorus flame retardant suitable for use in a broad range of resins, to our lineup, which previously centered on brominated products, positioning us to market flame retardants for electronics, automotive and other applications.

Films

The integration of domestic polyethylene terephthalate (PET) film production facilities continued to bolster cost competitiveness.

We have a number of polyester films joint ventures with E.I. du Pont de Nemours and Company (DuPont) of the United States around the world. In the area of products for electronics applications, sales of release films for manufacturing processes remained firm for use in smartphones and tablet computers. In contrast, films for use in liquid crystal display (LCD) televisions struggled, owing to a glut of LCDs in the market and increasingly fierce competition with overseas films manufacturers, which have driven down sales prices. Demand for films for specialized packaging and for magnetic applications tapered, as a result of which profitability waned. In this environment, we suspended operations on the PET film line at our domestic joint venture's Ibaraki factory and integrated the company's other production facilities. Looking ahead, we will focus on further enhancing production line efficiency, with the aim of restoring cost competitiveness. In the area of release films for manufacturing processes and other applications, we will endeavor to fortify collaboration with customers, as well as to broaden marketing.

Overseas, cost reductions were insufficient to offset flagging demand in the United States. In contrast, sales in Europe were solid for packaging and general industrial applications. With demand in the PRC steady, despite the impact of facility expansion by local manufacturers, which amplified competition, we sought to maintain profitability by leveraging our superior technological and quality control capabilities.

Healthcare

Sales in the Healthcare segment came to ¥138.4 billion, while operating income was ¥24.5 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 launch of rival products, as well as to rising sales of generic drugs. Despite overall market conditions, sales of hyperuricemia and gout treatment *Feburic* (febuxostat) expanded favorably, further boosting our leading share of the Japanese market for such treatments. We also continued working to achieve further market penetration for osteoporosis treatment *Bonalon*®† by adding new formulations to our osteoporosis drug lineup, including an intravenous and an oral jelly, both firsts for Japan.

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* Made with injection-molded polycarbonate resin, plastic glazing is an attractive alternative to metal and glass for vehicle parts.

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

Sales of febuxostat also continued to expand favorably overseas. We have secured exclusive distributorship agreements for febuxostat covering 117 countries and territories. The drug is currently sold in 37 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 commenced clinical trials in Japan for ADC3680 (development code: PTR-36)—a treatment for bronchial asthma licensed in from U.K. firm Pulmagen Therapeutics (Asthma) Limited—in June 2013. In the United States, we proceeded with clinical development of KTP-001‡, a treatment for herniated lumbar discs, which began in 2012. In February 2014, we filed an application with Japan's Ministry of Health and Welfare for approval to manufacture and market NA872ET, a small, sustained-release tablet form of expectorant *Mucosolvan*. We also pressed forward with clinical trials for new indications for other drugs in our portfolio.

Also in June 2013, we concluded a drug discovery contract and an R&D and marketing option agreement with Amgen Inc. of the United States for novel treatments for autoimmune diseases. Under this agreement, we will collaborate with Amgen in research aimed at discovering truly groundbreaking new drugs.

Home Healthcare

Rental volumes remained high or increased.

We currently provide home healthcare services to approximately 430,000 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 therapeutic oxygen concentrator models *Hi-Sanso* 3S and *Hi-Sanso Portable* α (alpha). Rental volume for continuous positive airway pressure (CPAP) ventilators for the treatment of sleep apnea syndrome (SAS) advanced 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) and for *SAFHS* (Sonic Accelerated Fracture Healing System) also rose encouragingly. To fortify support services for individuals, we established a new home healthcare call center in Osaka, improving our ability to respond effectively to patient needs. In April 2013, we launched the *WalkAide* System, a neuromuscular electrical stimulation device for the treatment of gait impairment resulting from stroke. Looking ahead, we will gradually broaden marketing efforts for this device, which initially focused on medical institutions in the Tokyo metropolitan area, with the goal of expanding rentals.

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 and other factors. We responded by taking steps to restore profitability, including integrating sales bases and reducing headcount.

‡ 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.

Trading and Retail

The Trading and Retail segment yielded sales of ¥254.2 billion and operating income of ¥5.2 billion. During the period, the segment sought to showcase the broad synergies between its trading and manufacturing businesses, which enable it to propose innovative solutions.

In the fiber materials and apparel business, exports of textiles for use in fashion apparel and sportswear were robust to Europe and North America, bolstered by the depreciation of the yen. To expand sales, we promoted the development of state-of-the-art high-performance materials, including the *Delta* series, created in collaboration with leading sportswear manufacturers overseas, as well as by enhancing our fabric supply capabilities in the ASEAN region.

In textiles and apparel, we stepped up efforts to shore up our production bases in the ASEAN region, including our new subsidiary in Myanmar, to reinforce our integrated global supply configuration, which encompasses everything from raw materials through to finished products. Sales in our mainstay OEM business rose on the strength of favorable shipments in early autumn and last-minute demand in advance of a consumption tax hike in Japan, although yen depreciation and higher production costs overseas combined to squeeze profitability in all product categories.

In industrial textiles and materials, sales of materials and components for use in seats, tires and transmission belts and hoses increased sharply worldwide, as production and sales levels at domestic and overseas automakers remained solid. In general-purpose materials, shipments of tents and materials for fisheries applications slowed as reconstruction-related demand in areas affected by the Great East Japan Earthquake wound down, but sales of materials for civil engineering and construction-related applications were firm, as were sales of sewing thread. Shipments of interior materials and films and plastics slackened, a consequence of sluggish market conditions.

In this environment, subsidiary Teijin Frontier Limited, which marked its first anniversary, staged a comprehensive exhibition of segment products. Through this event, the company sought to encourage customer and market appreciation for the broad synergies it realizes as a company that combines the functions of a trading company and a manufacturer.

Others

Others, which does not qualify as a reportable operating segment, generated sales of ¥88.8 billion and operating income of ¥1.7 billion.

In the IT business, sales from the distribution of e-books and other factors contributed to firm sales in the net services category. To create an operating structure capable of supporting the further expansion of this business, we spun off the net services operations of subsidiary Infocom Corporation into a separate company, which began operating in October 2013 under the name Amutus Corporation. The new company's sales from the distribution of e-books have continued to expand since and are currently estimated at ¥10 billion-plus on an annual basis. We also took steps to bolster our share of the healthcare-related information services market, including acquiring the medical radiology information systems business of AJS Inc. Going forward, we will seek to further strengthen our ability to develop and market sales support systems for pharmaceuticals manufacturers.

In the polyester raw materials and polymerization business, we discontinued in-house production and sales of paraxylene (PX) in March 2014. This move was in response to a disruption of the supply–demand balance, which significantly damaged profitability.

In new business development, we sought to expand sales of *LIELSORT* lithium-ion battery (LiB) separators, manufactured in the ROK, to capitalize on soaring demand for these separators—which have already been adopted for use by multiple battery manufacturers—in promising Asian markets. On another front, we responded to rapidly increasing wastewater treatment needs in the PRC by expanding related operations in that country, which are anchored by subsidiary Teijin (Shenyang) Environmental Technologies Co., Ltd. We also moved ahead with efforts to commercialize nanosilicon inks, which are used in printable electronics; *BIOFRONT*, a highly heat-resistant bioplastic that is attracting increased attention for use in shale gas and petroleum extraction; and advanced medical materials, including those for tissue repair and drug delivery systems. With the aim of hastening the commercialization of promising new products, in April 2014 we reorganized our New Business Development Group and renamed it the New Business Development Business Unit.

Outlook for Operating Results for Fiscal 2014

Forecast for Operating Results

(Billions of yen/%)

	Net sales	Operating income	Ordinary income	Net income
Fiscal 2014 (Forecast)	¥780.0	¥25.0	¥22.5	¥10.0
Fiscal 2013	784.4	18.1	19.9	8.4
Change	–4.4	+6.9	+2.6	+1.6
Percentage change	–0.6%	+38.3%	+13.1%	+19.7%

Recovery in developed countries is expected to continue underpinning global economic conditions, countering the negative impact of flagging growth in emerging economies. Nonetheless, future prospects remain uncertain, owing to a number of factors, including the danger of a further slowing of growth in the PRC and geopolitical risks in Europe.

Given this outlook, in fiscal 2013 we began promoting decisive business restructuring initiatives worldwide. In fiscal 2014, we expect these efforts to begin yielding positive results. Going forward, we will accelerate the implementation of such initiatives with the aim of rebuilding our earnings base in a manner that does not rely on a favorable turn in the general operating environment.

We will also broaden our focus beyond our materials businesses. In line with our goal of evolving toward a solutions-based business model featuring high-value-added offerings, not only materials but also components and finished products, we will continue to concentrate management resources on promising projects designed to create new value for customers.

At present, we forecast consolidated net sales of ¥780.0 billion, a decline of about 1% from fiscal 2013. We also forecast operating income of ¥25.0 billion, ordinary income of ¥22.5 billion and net income of ¥10.0 billion, representing increases of approximately 38%, 13% and 20%, respectively. These forecasts assume exchange rates of ¥100 to US$1.00 and ¥135 to €1.00 and a Dubai crude oil price of US$105 per barrel.

Forecast for Segment Results for Fiscal 2014

(Billions of yen)

	Net sales		Operating income (loss)	
	First half (Forecast)	Full term (Forecast)	First half (Forecast)	Full term (Forecast)
Advanced Fibers and Composites	¥ 65.0	¥130.0	¥ 3.0	¥ 6.5
Electronics Materials and Performance Polymer Products	90.0	180.0	(2.0)	(3.0)
Healthcare	65.0	140.0	11.0	25.0
Trading and Retail	125.0	265.0	2.0	5.5
Total	345.0	715.0	14.0	34.0
Others	30.0	65.0	0.0	3.0
Elimination and corporate	—	—	(6.0)	(12.0)
Consolidated total	¥375.0	¥780.0	¥ 8.0	¥ 25.0

Qualitative Information on Financial Position

Analysis of Assets, Liabilities, Net Assets and Cash Flows

Assets, Liabilities and Net Assets

Total assets as of March 31, 2014, amounted to ¥768.4 billion, up ¥6.0 billion from the end of fiscal 2013, as the weaker yen enhanced the value of assets denominated in other currencies. While stock purchases and other factors led to a sharp increase in the value of investment securities, cash and time deposits declined. The impact of depreciation and impairment accounting pushed down noncurrent assets.

Total liabilities, at ¥468.3 billion, were down ¥2.0 billion from the fiscal 2013 year-end. Interest-bearing debt, which included short-term loans payable and long-term loans payable, rose ¥10.8 billion, to ¥281.5 billion, mainly a result of an increase in the yen value of outstanding debt denominated in other currencies, owing to the depreciation of the yen.

Total net assets advanced ¥8.0 billion, to ¥300.1 billion. Total shareholders' equity and total valuation and translation adjustments together represented ¥281.7 billion of the total, up ¥10.4 billion. This increase was attributable to, among others, an increase in net income and a decline in the deduction for foreign currency translation adjustments.

Cash Flows

Net cash and cash equivalents provided by operating activities in fiscal 2013 amounted to ¥38.6 billion. This result reflected net income for the period, as well as the fact that the impact of non-cash items such as depreciation and amortization exceeded that of, among others, an increase in working capital.

Net cash and cash equivalents used in investing activities amounted to ¥47.3 billion. Contributing factors included outlays for the purchase of property, plant and equipment and the purchase of investment securities.

Free cash flow in fiscal 2013 was thus a negative as operating and investing activities combined used a net total of ¥8.7 billion.

Net cash and cash equivalents used in financing activities amounted to ¥7.9 billion. Among reasons behind this result 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 decrease in cash and cash equivalents of ¥15.7 billion as of March 31, 2014.

Outlook for Financial Position

In fiscal 2014, 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 2014 are for an ROA of 3.2%, ROE of 3.6% and a debt-to-equity ratio of 1.0 times.

Key Indicators

	Fiscal 2009 (As of March 31, 2010)	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) (Forecast)
ROA (%)	1.6	6.1	4.5	1.6	2.4	3.2
ROE (%)	–12.4	9.1	4.2	–10.3	3.0	3.6
Debt-to-equity ratio (times)	1.18	0.94	0.89	1.00	1.00	1.0
Equity ratio (%)	33.0	37.3	38.3	35.6	36.7	35
Equity ratio (market value basis) (%)	36.9	44.7	37.8	31.3	34.9	—
Debt payback period (years)	4.0	3.5	4.9	4.2	7.3	—
Interest coverage ratio (times)	13.1	17.2	10.9	18.4	10.5	—

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) Net income ÷ 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 2013 and Dividend Forecast for Fiscal 2014

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 2013 and Dividend Forecast for Fiscal 2014

Our year-end dividend for fiscal 2013 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 ¥2.0 per share and a year-end dividend of ¥2.0 per share for fiscal 2014, for full-term dividends of ¥4.0 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 manufactures and sells products, the sales of which may be affected by market conditions and competition with other companies, and by market 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 National Health Insurance (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 Pharma Limited, the principal subsidiary in the Teijin Group's Healthcare segment, has established its own product reliability assurance function in the form of a compliance division. This division, which functions independently of other Group businesses, is charged with quality assurance in all aspects of our healthcare businesses. The Group maintains insurance coverage against product liability.

Nonetheless, as the pharmaceuticals business involves products that may affect the lives of users, quality issues have the potential to negatively affect, among others, the Group's operating results, financial position and public reputation.

R&D-Related Risk in the Pharmaceuticals Business

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

In the coming years, the evolution of emerging economies is likely to further intensify global competition. This, combined with changes in the structure of key markets and ever-shorter product and technology life cycles, is expected to result in an increasingly harsh operating environment. In response, we will remain committed to creating value for customers by driving our evolution toward a solutions-based business model, as set forth in our current medium- to long-term management vision. To this end, we will continue to implement a variety of measures—balancing our two key priorities, namely, business restructuring initiatives and growth strategies—with the aim of achieving sustainable growth.

The goal of restructuring initiatives, which commenced in fiscal 2013, is to further rationalize our business portfolio by reassessing current businesses using four basic criteria: market potential, technological superiority, profitability and suitability for our business model. Based on this, we will take steps to optimize the scale, location and configuration of production in each area using four specific approaches:

- Shut down/integrate production and R&D facilities in Japan and overseas
- Actively seek beneficial strategic alliances, OEM arrangements and M&A opportunities
- Optimize the location and scale of commoditized materials businesses and concentrate investment in growth businesses
- Increase the efficiency of support departments and promote ongoing Groupwide efforts to reduce costs

Growth strategies will center on the continued allocation of management resources to core strategic businesses, namely advanced fibers and composites and healthcare, as well as to areas that overlap these businesses, with the aim of boosting operating results in the years ahead. In our materials businesses, we will expand our focus to also include components, finished products and services, capitalizing on our high-performance materials, which help make the items in which they are used smaller, lighter, stronger and more attractive, and on our technologies, which facilitate the production of composites combining multiple materials. In healthcare, we will work to accelerate business growth by further maximizing synergies between our pharmaceuticals and home healthcare businesses and by capitalizing on our nationwide home healthcare services network. We will also draw on the collective capabilities of the Teijin Group to cultivate new businesses that integrate materials and healthcare and in some cases also incorporate IT services, thereby positioning us to secure profitable, sustainable growth, as well as to build value that responds to the needs of our customers and society at large.

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)

	FY2012 (As of Mar. 31, 2013)	FY2013 (As of Mar. 31, 2014)
< Assets >		
Current assets		
Cash and deposits	48,858	33,134
Notes and accounts receivable-trade	169,015	165,239
Finished goods	74,110	79,014
Work in process	9,468	9,084
Raw materials and supplies	28,054	30,569
Short-term loans receivable	14,483	18,644
Deferred tax assets	11,616	7,269
Other current assets	20,308	24,639
Allowance for doubtful accounts	(3,659)	(2,687)
Total	**372,255**	**364,908**
Fixed assets		
Tangible assets		
Buildings and structures, net	70,359	69,238
Machinery, equipment and vehicles, net	101,287	91,429
Land	43,734	43,690
Construction in progress	9,561	9,297
Other, net	19,913	23,204
Total	**244,856**	**236,861**
Intangible assets		
Goodwill	18,104	15,806
Other	15,571	13,651
Total	**33,676**	**29,457**
Investments and other assets		
Investment securities	64,796	82,068
Long-term loans receivable	2,656	2,059
Prepaid pension cost	23,004	—
Net defined benefit asset	—	28,836
Deferred tax assets	1,691	2,271
Other	21,802	25,033
Allowance for doubtful accounts	(2,339)	(3,085)
Total	**111,611**	**137,184**
Total fixed assets	**390,143**	**403,502**
Total assets	**762,399**	**768,411**

(Millions of yen)

	FY2012 (As of Mar. 31, 2013)	FY2013 (As of Mar. 31, 2014)
< Liabilities >		
Current liabilities		
Notes and accounts payable-trade	91,875	80,003
Short-term loans payable	67,326	84,604
Current portion of long-term loans payable	52,389	21,811
Current portion of bonds	16,996	6,960
Income taxes payable	2,890	2,915
Deferred tax liabilities	12	60
Accrued expenses	17,758	17,757
Other	40,030	34,550
Total	**289,281**	**248,662**
Noncurrent liabilities		
Bonds payable	30,000	30,000
Long-term loans payable	102,247	136,401
Provision for retirement benefits	20,351	—
Net defined benefit liability	—	30,204
Deferred tax liabilities	12,658	9,782
Other	15,733	13,246
Total	**180,990**	**219,635**
Total liabilities	**470,271**	**468,298**
<Net assets>		
Shareholders' equity		
Capital stock	70,816	70,816
Capital surplus	101,407	101,429
Retained earnings	107,328	111,754
Treasury stock	(415)	(435)
Total	**279,137**	**283,564**
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	13,550	10,758
Deferred gains or losses on hedges	1,069	1,017
Foreign currency translation adjustment	(22,505)	(13,025)
Remeasurements of defined benefit plans	—	(634)
Total	**(7,885)**	**(1,884)**
Subscription rights to shares	**649**	**737**
Minority interests	**20,226**	**17,694**
Total net assets	**292,127**	**300,112**
Total liabilities and net assets	**762,399**	**768,411**

(2) Consolidated Statements of Income

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Net sales	**745,712**	**784,424**
Cost of sales	555,208	590,091
Gross profit	**190,504**	**194,333**
Selling, general and administrative expenses	178,146	176,254
Operating income	**12,357**	**18,078**
Nonoperating revenues		
Interest income	525	506
Dividends income	822	957
Equity in earnings of affiliates	572	4,181
Gain on valuation of derivatives	2,617	1,495
Miscellaneous income	1,077	1,405
Total	5,614	8,546
Nonoperating expenses		
Interest expenses	3,408	3,358
Foreign exchange losses	606	287
Contribution	998	1,043
Miscellaneous loss	3,172	2,048
Total	8,186	6,737
Ordinary income	**9,786**	**19,887**
Extraordinary income		
Gain on sales of noncurrent assets	1,407	151
Gain on sales of investment securities	44	8,296
Gain on revision of retirement benefit plan	418	—
Other	495	690
Total	2,366	9,139
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,510	1,676
Loss on valuation of investment securities	761	106
Impairment loss	29,417	8,781
Business structure improvement expenses	58	2,385
Other	2,506	1,557
Total	34,253	14,507
Income (loss) before income taxes	**(22,101)**	**14,519**
Income taxes - current	4,224	5,126
Income taxes - deferred	1,884	2,781
Total	6,108	7,907
Income (loss) before minority interests	**(28,209)**	**6,611**
Minority interests in income (loss)	921	(1,744)
Net income (loss)	**(29,130)**	**8,356**

TEIJIN
Human Chemistry, Human Solutions

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Income (loss) before minority interests	**(28,209)**	**6,611**
Other comprehensive income		
Valuation difference on available-for-sale securities	3,638	(2,790)
Deferred gains or losses on hedges	762	(50)
Foreign currency translation adjustment	8,785	7,957
Share of other comprehensive income of associates accounted for using equity method	597	1,504
Total	**13,784**	**6,620**
Comprehensive income	**(14,424)**	**13,232**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(15,527)	14,992
Comprehensive income attributable to minority interests	1,102	(1,760)

(3) Consolidated Statement of Changes in Net Assets

FY2012 (Apr. 2012 - Mar. 2013) (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, 2012	70,816	101,389	141,441	(127)	313,519
Changes of items during the period					
Dividends from surplus			(4,921)		(4,921)
Net income (loss)			(29,130)		(29,130)
Others			(59)		(59)
Purchase of treasury stock				(326)	(326)
Disposal of treasury stock		18		38	56
Net changes of items other than shareholders' equity					
Total	—	18	(34,112)	(288)	(34,382)
Balance at March 31, 2013	70,816	101,407	107,328	(415)	279,137

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total			
Balance as of March 31, 2012	9,913	306	(31,708)	—	(21,488)	566	19,619	312,217
Changes of items during the period								
Dividends from surplus								(4,921)
Net income (loss)								(29,130)
Others								(59)
Purchase of treasury stock								(326)
Disposal of treasury stock								56
Net changes of items other than shareholders' equity	3,637	762	9,202	—	13,603	82	606	14,292
Total	3,637	762	9,202	—	13,603	82	606	(20,089)
Balance at March 31, 2013	13,550	1,069	(22,505)	—	(7,885)	649	20,226	292,127

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
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)	28,564

	Valuation and translation adjustments					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale	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
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

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012 (Apr. 2012-Mar. 2013)	FY2013 (Apr. 2013-Mar. 2014)
Cash flows from operating activities		
Income (loss) before income taxes	(22,101)	14,519
Depreciation and amortization of others	46,876	45,663
Impairment loss	29,417	8,781
Increase (decrease) in provision for retirement benefits	1,199	—
Increase (decrease) in net defined benefit liability	—	1,424
Decrease (increase) in prepaid pension costs	(7,302)	—
Decrease (increase) in net defined benefit asset	—	1,258
Increase (decrease) in allowance for doubtful receivables	475	(382)
Interest and dividend income	(1,348)	(1,776)
Interest expense	3,408	3,358
Equity in losses (earnings) of affiliates	(572)	(4,181)
Loss (gain) on valuation of derivatives	(2,617)	(1,495)
Loss (gain) on sales and retirement of noncurrent assets	102	1,524
Loss (gain) on sales of investment securities	60	(8,289)
Loss (gain) on valuation of investment securities	761	106
Decrease (increase) in notes and accounts receivable-trade	11,070	8,591
Decrease (increase) in inventories	2,509	(2,370)
Increase (decrease) in notes and accounts payable-trade	(4,786)	(15,998)
Increase (decrease) in accrued payments due to change in retirement benefit plan	6,545	(2,420)
Other, net	(4,762)	(5,324)
Subtotal	58,936	42,989
Interest and dividends income received	4,043	5,403
Interest expenses paid	(3,487)	(3,663)
Income taxes paid	(3,308)	(6,143)
Casualty insurance income	8,120	—
Net cash and cash equivalents provided by operating activities	**64,305**	**38,586**
Cash flows from investing activities		
Purchase of property, plant and equipment	(31,030)	(30,863)
Proceeds from sales of property, plant and equipment	1,928	472
Purchase of intangible assets	(2,664)	(2,208)
Purchase of investment securities	(3,947)	(21,202)
Proceeds from sales of investment securities	315	10,847
Decrease (increase) in short-term loans receivable	(1,563)	(2,981)
Payments of long-term loans receivable	(774)	(55)
Collections of long-term loans receivable	230	254
Other, net	(361)	(1,541)
Net cash and cash equivalents used in investing activities	**(37,867)**	**(47,278)**
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,547)	11,135
Increase (decrease) in commercial paper	(18,000)	—
Proceeds from issuance of bonds	23,911	11,110
Redemption of bonds	(7,695)	(21,631)
Proceeds from long-term loans payable	44,347	51,730
Repayment of long-term loans payable	(46,861)	(55,339)
Cash dividends paid	(4,921)	(3,931)
Cash dividends paid to minority shareholders	(185)	(553)
Other, net	(652)	(421)
Net cash and cash equivalents provided by financing activities	**(12,605)**	**(7,902)**
Effect of exchange rate changes on cash and cash equivalents	**1,585**	**869**
Net increase in cash and cash equivalents	15,417	(15,725)
Cash and cash equivalents at beginning of period	**33,283**	**48,700**
Cash and cash equivalents at end of period	**48,700**	**32,975**

4. Changes in Accounting Principles, etc.

Application of Accounting Standard for Retirement Benefits

Effective March 31, 2014, the Company has applied "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012), with the exception of provisions set forth in Clause 35 of the standard and Clause 67 of its accompanying guidance. Under the new accounting standard, the difference between projected benefit obligation and fair value of pension assets is recognized as a net defined benefit liability or, in the event that the fair value of pension assets exceeds the projected benefit obligation, as a net defined benefit asset. Unrecognized actuarial gains and losses and prior service costs are recognized as a net defined benefit liability.

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. In fiscal 2013, remeasurements of defined benefit plans is included in accumulated other comprehensive income to reflect the impact of this change in method of accounting.

As a result of this change, in fiscal 2013 the Company recorded a net defined benefit liability of ¥7,729 million and a net defined benefit asset of ¥7,091 million, while comprehensive income decreased by ¥634 million. The change also reduced net assets per share by ¥0.65.

Change in Method Used to Account for Rental Home Healthcare Devices

Up to and including fiscal 2012, certain of the home healthcare devices that the Company rents were recognized in expenses at the time of rental. However, effective from fiscal 2013 the Company recognizes these devices as fixed assets and depreciates them using the straight-line method. The Company anticipates rapid growth in the market for CPAP ventilators for the treatment of SAS and has established a business configuration capable of responding to such growth. In light of these factors, having considered what accounting method would most appropriately reflect the stable environment for use of its core CPAP ventilators at present and in the future, the Company resolved to treat these devices as fixed assets and to depreciate them using the straight-line method, which it uses to depreciate its other home healthcare devices. As a result of this change, consolidated operating income, ordinary income and income before income taxes in fiscal 2013 were each ¥1,740 million higher than would have been the case had the previous method of depreciation been used.

Additionally, up to and including fiscal 2012, purchases of the aforementioned devices for rental, now recognized as fixed assets, were accounted for in cash flows from operating activities. However, effective from fiscal 2013, these outlays are accounted for in purchase of property, plant and equipment in cash flows from investing activities. Depreciation of such equipment is now accounted for in depreciation and amortization in cash flows from operating activities. As a result of this change, net cash and cash equivalents provided by operating activities and net cash and cash equivalents used in investing activities in fiscal 2013 were ¥2,139 million higher and ¥2,139 million lower, respectively, than would have been the case had the previous method of accounting been used.

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 Aramid Fibers, Carbon Fibers and Composites, and Polyester Fibers for Industrial Applications); Electronics Materials and Performance Polymer Products (comprising Polycarbonate Resin and Plastics Processing, and Films); Healthcare (comprising Pharmaceuticals, and Home Healthcare); and Trading and Retail (comprising Products Converting, and Polyester Fibers for Apparel).

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

FY2012 results (Apr. 2012 - Mar. 2013)

(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	111,166	175,537	138,333	237,160	662,198	83,514	745,712
2) Intersegment transactions or transfers	23,789	5,688	0	3,158	32,636	40,012	72,649
Net sales	134,956	181,226	138,333	240,318	694,834	123,526	818,361
Segment income (loss)	(4,697)	(1,920)	24,808	4,713	22,903	4,231	27,134
Segment asset	201,985	167,484	104,508	119,724	593,703	94,675	688,379
Other items							
Depreciation[2]	15,961	9,018	8,453	1,862	35,296	2,652	37,948
Amortization of goodwill	5,552	190	1,464	15	7,222	(66)	7,156
Investments in associates accounted for using equity method	5,729	11,811	931	937	19,409	9,010	28,420
Increase in tangible and intangible fixed assets[2]	13,253	4,018	11,680	2,239	31,191	3,750	34,942

(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.

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.

Reconcilisation of published figures and aggregates of reportable operating segments

(Millions of yen)

Net sales	FY2012	FY2013
Reportable operating segments	694,834	732,574
Others segment	123,526	111,441
Elimination of intersegment transactions	(72,649)	(59,591)
Net sales	745,712	784,424

(Millions of yen)

Operating income	FY2012	FY2013
Reportable operating segments	22,903	28,238
Others segment	4,231	1,740
Elimination of intersegment transactions	226	288
Corporate expenses*	(15,002)	(12,189)
Operating income	12,357	18,078

(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	FY2012	FY2013
Reportable operating segments	593,703	603,612
Others segment	94,675	87,105
Corporate assets not allocated to segments*	118,089	112,388
Other	(44,069)	(34,694)
Total assets	762,399	768,411

(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	
	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013
Depreciation	35,296	37,882	2,652	3,045	1,771	2,021	39,720	42,950
Amortization of goodwill	7,222	2,756	(66)	(43)	—	—	7,156	2,713
Investments in associates accounted for using equity method	19,409	25,781	9,010	9,785	—	—	28,420	35,567
Increase in tangible fixed assets and intangible fixed assets	31,191	25,870	3,750	3,014	1,318	1,297	36,260	30,182

Related Information

FY2012 results (Apr. 2012 - Mar. 2013)

Information by product/service

See Segment Information (page 22)

Information by geographical segment

I. Sales (Millions of yen)

Japan	PRC	Asia	Americas	Europe, others	Total
491,354	97,806	56,299	51,398	48,854	745,712

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

II. Tangible fixed assets (Millions of yen)

Japan	Netherlands	Asia	Americas	Europe	Total
144,205	47,744	43,745	3,372	5,787	244,856

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.

FY2013 results (Apr. 2013 - Mar. 2014)

Information by product/service

See Segment Information (page 22)

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	Netherlands	Asia	Americas	Europe	Total
140,096	47,824	40,019	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.

Loss on impairment by reportable segment

FY2012 results (Apr. 2012 - Mar. 2013)

(Millions of yen)

	Advanced Fibers and Composites	Electronics Materials and Performance Polymer Products	Healthcare	Trading and Retail	Others	Elimination and corporate	Total
Impairment loss	23,473	140	5,354	338	111	—	29,417

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

Goodwill by reportable segment

FY2012 results (Apr. 2012 - Mar. 2013)

(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 FY2012	5,552	190	1,464	15	(66)	—	7,156
Balance as of March 31, 2013	11,045	1,829	5,306	31	(107)	—	18,104

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

6. Supplementary Information

(1) Movement of consolidated results

Movement of results

(Billions of yen)

	FY2010 (Actual)	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)
Net sales	815.7	854.4	745.7	784.4
Operating income	48.6	34.0	12.4	18.1
Ordinary income	50.3	34.3	9.8	19.9
Net income (loss)	25.2	12.0	(29.1)	8.4

Movement of industrial segment information

(Billions of yen)

	FY2010 (Actual)	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)
Net sales				
High-Performance Fibers	103.4	—	—	—
Polyester Fibers	103.5	—	—	—
Advanced Fibers and Composites	—	153.2	111.2	123.6
Electronics Materials and Performance Polymer Products	217.1	215.4	175.5	179.4
Healthcare	136.4	143.0	138.3	138.4
Trading and Retail	216.9	262.7	237.2	254.2
Total	777.3	774.3	662.2	695.6
Others	38.3	80.1	83.5	88.8
Consolidated total	815.6	854.4	745.7	784.4
Operating income (loss)				
High-Performance Fibers	4.4	—	—	—
Polyester Fibers	3.0	—	—	—
Advanced Fibers and Composites	—	7.2	(4.7)	5.7
Electronics Materials and Performance Polymer Products	23.4	3.7	(1.9)	(7.2)
Healthcare	22.9	25.9	24.8	24.5
Trading and Retail	4.7	6.6	4.7	5.2
Total	58.5	43.4	22.9	28.2
Others	3.1	3.7	4.2	1.7
Elimination and corporate	(13.1)	(13.1)	(14.8)	(11.9)
Consolidated total	48.6	34.0	12.4	18.1

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)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)
Capital expenditure:			
CAPEX for tangible assets	28.3	33.1	27.7
Total	32.3	36.3	30.2
Depreciation & amortization*	52.3	46.9	45.7
Research & development	31.8	33.2	32.2

* Depreciation and amortization includes amortization of goodwill.

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

(Billions of yen)

	FY2011 (Actual)	FY2012 (Actual)	FY2013 (Actual)
Interest-bearing debt	261.0	270.8	281.5
Balance of financial expenses:			
Dividend income	0.7	0.8	1.0
Total	(3.6)	(2.0)	(1.9)

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

	FY2011	FY2012	FY2013
Consolidated	16,819	16,637	15,756

(5) Foreign Exchange Rate

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

	FY2011	FY2012	FY2013
JPY/US$	82	94	103
US$/EURO	1.34	1.28	1.38

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

	FY2011	FY2012	FY2013
JPY/US$	80	83	100
US$/EURO	1.38	1.29	1.34

(6) Sales of principal pharmaceuticals

(Billions of yen)

Products	Indication	FY2012	FY2013
Bonalon ®	Osteoporosis	15.9	14.2
Feburic ®	Hyperuricemia and gout	5.5	11.4
Venilon ®	Severe infectious diseases	9.9	9.4
Mucosolvan ®	Expectorant	9.0	7.9
Onealfa ®	Osteoporosis	7.9	6.6
Laxoberon ®	Laxative	4.0	3.6
Tricor ®	Hyperlipidemia	1.8	1.7
Bonalfa ®	Psoriasis	1.4	1.3
Alvesco ®	Asthma	1.3	1.3
Synvisc ®	Osteoarthritis pain in the knee	1.2	0.8
Spiropent ®	Bronchodilator	0.9	0.8

(7) Development status of new pharmaceuticals

(As of March 31, 2014)

Products	Indication	Stage
GTH-42J (*Bonalon* ®)	Osteoporosis	Commenced sales in Japan in March, 2013
NA872ET (*Mucosolvan* ®)	Expectorant	Filed in Japan in February 2014
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-014 (*Somatuline* ®)	Neuroendocrine tumor	Ph II
ITM-058	Osteoporosis	Ph II
KTP-001	Treatment for lumbar disc herniation	Ph I / II (US)
TMG-123	TypeII Diabetes	Ph I
PTR-36	Bronchial asthma	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.